



USAID-Funded



Pragma Implemented

**TRADE FACILITATION AND INVESTMENT ACTIVITY  
CONTRACT # 116-C-00-01-00015-00**

---

**NINTH QUARTERLY REPORT  
FOR THE PERIOD: September 1, 2003 through November 30, 2003**

**COTR USAID/CAR  
PROJECT MANAGER  
CHIEF OF PARTY**

Mark Urban  
Mohammad Fatoorechie  
Paul Pieper

## **Table of Contents**

I.	EXECUTIVE SUMMARY	.....	3
II.	REGIONAL	.....	4
III.	KYRGYZSTAN	.....	11
IV.	KAZAKHSTAN	.....	15
V.	TAJIKISTAN	.....	18
VI.	UZBEKISTAN	.....	21
VII.	ATTACHMENTS		

## **EXECUTIVE SUMMARY OF THE QUARTER**

The TFI Project continued the transition to a work plan focused more on the reduction of specific trade and investment barriers, than on institutional strengthening, and is beginning to see some important successes. The highlights include:

- ⇒ the development of TBT/SPS compliant draft technical regulations laws in the Kyrgyz Republic and Kazakhstan;
- ⇒ Initiation of the Partnership Program with local associations in Kazakhstan;
- ⇒ efforts to reduce substantive constraints to trade within the framework of the Ferghana Valley Roundtable;
- ⇒ reactivation of WTO activities with the Government of Kazakhstan;
- ⇒ development of a working regional technical cooperation to support mutual recognition of laboratory accreditation;
- ⇒ initial steps to identify and begin reduction of trade constraints between Tajikistan and Afghanistan;
- ⇒ progress towards setting up a permanent WTO negotiating team in Uzbekistan;
- ⇒ interest in TFI support for developing WTO compliant intellectual property regimes in Kazakhstan and Uzbekistan;
- ⇒ reactivation of technical working groups in Uzbekistan;
- ⇒ significant progress in negotiation bilateral issues through the newly empowered inter-ministerial trade unit in Kyrgyzstan;
- ⇒ continued progress in the reform of the standards system in Kyrgyzstan; and
- ⇒ the initiation of significant RIC activities in Tajikistan.

These are a few of the many highlights of recent efforts of TFI to become more focused on specific issues. In addition, TFI has developed a revised work plan and reporting format that will add more specific benchmarks and measurable results.

Personnel adjustments included the addition of an intermittent WTO advisor, Alfredo Suescum, to bridge to a long-term advisor. Mr. Suescum made excellent progress and Pragma recruited a long term advisor, Mr. Hector Millan, who will continue Mr. Suescum's work and take his post in Tashkent in January 2004. Also, Mr. Steve Orestis was transferred from Osh to Almaty to fill the post of Country Manager vacated by Mr. Marc Shiman. Mr. Terry Slywka, who previously served the Project as an MBA volunteer, was recruited to fill the post in Osh. The use of internal TFI personnel facilitated the transitions caused by the changes.

The final version of the TFI evaluation was received and contained some helpful suggestions for improvement, but also indicated the effectiveness of the project. The report has been circulated internally and discussed.

During the quarter, TFI was able to leverage more than \$50,000 in non-USAID funding to support its objectives. This included funding of technical specialists to perform work defined by TFI, paying costs for training events organized by TFI, and funding specific technical activities such as the development of the International Trade Guide. The provision of this funding speaks to TFI's strategy to coordinate

closely with other donors and to increase the confidence that other donors have in the TFI team and ability to achieve specific objectives.

During the quarter, several administrative and personnel issues took place. Pragma Corporation's Home Office was active in the fielding, support, or transfer of Alfredo Suescum, Terry Slywka, and Steve Orestis. In addition, the home office has worked extensively with Larry Yates, Ed Nemeroff, Boeing, and the US Navy on the donation of metrology systems to Central Asia.

For activities and actions taken toward achieve the TFI Project benchmarks, please see our Quarterly Report Chart (*Attachment 1*).

## **REGIONAL**

### **A. Trade Facilitation**

#### **Consultative Councils and Joint Border Commissions**

TFI International Trade and Customs specialists continued to work in Kazakhstan to strengthen the consultative processes between the government and the private sector to improve trade.

The **Taraz-Talas Joint Border Council** on Trade and Economic Development (JBC) has been working since March 2002 with financial support from EuropolAid. The activity of the JBC is aimed at developing real trade links between the two oblasts and at solving problems and constraints imposed by government agencies in crossing the customs border.

On November 4, 2003 Zhannat Rakhimzhanova and Zaure Abdiraman met Mr. V.Vavilin, the JBC Secretary from the Jambyl oblast and Mr. N.Vetoshkin, the Chairman of the Union of Entrepreneurs of Jambyl oblast, in Taraz. The purpose of the meeting was to determine TFI's potential contribution to facilitate the work of the JBC. The full report on the meeting is attached (*See Attachment 2*).

The EurAsia Foundation Bishkek office is keen to cooperate on this work with TFI and has offered financial assistance to TFI activities with this JBC on facilitating cross border trade between those two oblasts. The EurAsia Foundation plans to arrange a Conference on cross border issues in Talas and to invite Kazakh and Kyrgyz business associations. TFI will render advice on the program and will help arranging participants from the Kazakh side.

On November 5, 2003 Zhannat Rakhimzhanova and Zaure Abdiraman participated in the Taraz CC session that was chaired by Mrs. Ivastenko, deputy head of Taraz Customs. TFI consultants briefed the CC members on the TFI activity. As a result, cooperation and interaction with TFI is included in the CC work plan. A joint short-term action plan was developed by TFI and the Taraz CC. Training on the determination of customs values of imported goods is scheduled for February 2004. Upon the request of Taraz CC, a document on how to develop foreign transaction contract is being developed by TFI consultants. The document will be published and distributed through association of entrepreneurs.

**Aktau** – November 24, 2003 Askar Makhmudov met Mr. Baimukhambetov, head of Aktau Customs, and briefed him on TFI activity. Aktau oblast has borders with Turkmenistan and Uzbekistan. Mr. Baimukhambetov pointed out the difficulty in establishing any cooperation with Turkmen and Uzbek colleagues. Turkmenistan is very closed, within the last two years there was not a single meeting with Turkmen. Mr. Baimukhambetov requested for assistance in technical equipping of customs points.

Askar participated in the Consultative Council (CC) session that took place on November 25, 2003. Mrs. Shantemirova, CC Secretary, complained of difficulty in developing agenda of CC sessions due to lack of activity from business associations that are members of the CC. TFI was invited to cooperate on consultative processes and to render assistance in encouraging businesses for more active participation.

The Aktau Akimat expressed interest in cooperation with TFI to remove administrative constraints in developing business in Kazakhstan. According to Mrs. Mustapaeva, head of the Department for Small Enterprise Development of Aktau akimat, Astrakhan (RF oblast) entrepreneurs are keen to establish trade relations with their Kazakh partners. Thereupon, the RK Consulate in the RF addressed Aktau akim with the request to assist in organizing and delivering a seminar on cross border issues in Astrakhan (RF) and invite traders from the Western Kazakhstan (Aktau, Atyrau, Uralsk).

Mrs. Mustapaeva requested TFI to participate in this seminar, as part of the Aktau delegation, and to assist in preparing the agenda of the seminar. The event is scheduled for December 22-24, 2003.

**Uralsk** – TFI cooperated with the Center of Small Business (CSB) in implementation of the Uralsk (RK)-Saratov (RF) joint border project. Presentation of the CSB web-site was organized and delivered on November 27 for the Uralsk akimat, entrepreneurs from Uralsk and Astrakhan, and major enterprises in the oblast, as well as the RF consulting company.

**Kostanai** – November 20-21, 2003 Sergey Pyzhenko (TFI) met Mrs. Tribushnaya, President of Kostanai Chamber of Commerce, and Director of “Keden-Service” brokercompany. These 2 agencies are active members of CC and are interested in cooperation with TFI in the facilitation of regional trade. Kostanai Customs has appointed Mr. A.Garanin, deputy head of Kostanai Customs, to coordinate cooperation with TFI and with the CC. To determine potential fields for joint projects in future, a Consultative Council session was held on November 21, 2003, where Sergey made a presentation on TFI activity. An Action Plan of joint activities to create more favorable conditions for trade in the region and to improve customs administration is being developed jointly by TFI and the CC.

**Petropavlovsk** – November 27-28, 2003 Sergey Pyzhenko met Mrs.N.Kukushkina, President of Petropavlovsk Chamber of Commerce; this Chamber is implementing a cross border project on cooperation between Petropavlovsk (RK) and Omsk (RF) oblasts. Two round tables have been held since the start of the project where traders raised and discussed trade-related issues. The next round table will be held in February 2004 in Petropavlovsk.; TFI has been invited to participate.

Meetings were held also with Mr. Ibraev, head of Petropavlovsk Customs and Mr.A.Tshepetkin, his deputy. An agreement was reached on cooperation.

### **Transparency in Trade Administration**

**Uralsk** – A survey was developed jointly with Uralsk Customs and Urask CSB on identifying problems/constraints in trade for businesses. The survey is planned for December.

**Pavlodar** – November 6, 2003 TFI, Customs and Chamber of Commerce started survey on identifying problems/constraints in trade for businesses. Later Info-T brokers company got involved into the process to identify problems in exercising import-export operations. Based on the results on the survey, major issues/aspects of concern to traders will be raised at CC sessions.

### **Risk Management**

In collaboration with the World Bank (financial support), TFI arranged for delivery, and provided the technical direction of the regional workshop on development of a step-by-step action plan for implementation of the risk assessment based customs control in customs administrations in Kazakhstan and the Kyrgyz Republic. The workshop took place on November 12-14 in Almaty, and was attended by participants from by Kazakhstan, Russia, Kyrgyz Republic, Tajikistan, Uzbekistan and Belarussia customs administrations.

The seminar was held under the auspices of the EAEC Integration Committee, and was aimed at exchanging experience, information and views between participants in order to develop a Risk Management Concept to be adopted within the EAEC member-states, and then development of national Risk Management programs. A full report on the seminar was prepared separately (*See Attachment 3*).

### **Fiscal Study Tour**

Officials of the Tajik Ministry of State Revenues and Duties (MRSD) are now on a study tour with Canadian Customs and Revenue Agency. The purpose of the tour is to get acquainted with the Canadian experience of interaction and collaboration between tax and customs agencies the development of fiscal policy and in exercising audit (“inspections”) of companies.

### **Customs Broker Sector Development in the Kyrgyz Republic**

On November 18, 2003 a Regional seminar on the perspectives of establishing the Customs Brokers service in the Kyrgyz Republic was held in Bishkek (official name – Market of Ancillary Services: Current Status, Problems, Prospects).

Officials from the Kyrgyz Parliament, Customs officials from Kyrgyzstan, Tajikistan, Uzbekistan, Russia, and customs clearance specialists and companies that provide brokerage services participated actively in the discussions raised in the course of the seminar, and shared their experience in the field.

Mr. Cruickshank made a presentation on the role of Customs brokers in international practice; Hamida Ahmetova (TFI, Bishkek) spoke about the legal status of customs brokers in Kyrgyzstan (based on the draft KR Customs code and Law on Licensing).

The participants underlined the importance of creating, first of all, the legal basis for Customs brokers activity; training and retraining customs clearance specialists should be paid due attention.

Mr. Shestakov, head of the RK Customs Brokers Association, briefed the participants on the provisions of the new RK Customs code that regulate activity of Customs brokers in Kazakhstan, and underlined importance of the institution for defense of corporative interests.

Based on the discussions, it was recommended:

- ⇒ for the Kyrgyz Customs to include representatives of the private sector into the KR draft Customs Code working group when drafting and considering provisions on Customs broker, freight forwarders, temporary storage warehouses etc;
- ⇒ to request international organizations (USAID, TACIS, WB, ADB etc) to deliver a follow -up Regional Conference on realization of the practical recommendations that were developed at this seminar;
- ⇒ to develop a draft document on interaction between Customs brokers of Central Asia countries and Russia and to consider it in the course of the next Conference.
- ⇒ The seminar showed the importance of customs brokers activity in facilitating regional trade, and in creating favorable business environment in the region.
- ⇒ The first meeting of the Focus Group on customs brokers was held in Bishkek on November 26, 2003. The attendees were representatives of big companies, such as Customs Cargo Service, Globalink, ChuiUralTransservice and ARI Cargo. Next meeting is planned for December 16, 2003.

## **Joint Border Management**

The separate report on the status of the Joint border management activity is attached (*See Attachment 2*).

The recommendations made by TFI in October have been adopted by Kyrgyz and Kazakhstan officials in a bilateral agreement, which is purportedly to be signed by the Presidents of both countries in December.

## **B. Regional MAS-Q Activities**

During this quarter, the MAS-Q team implemented a shift in emphasis in promoting international compliance of Metrology, accreditation, standardization, and certification. TFI is developing a road map of what is required to achieve formal mutual recognition for the four TFI countries in Central Asia.

TFI has directed its efforts toward “achieving mutual recognition of certification and accreditation” procedures on a regional basis. All of the elements of the program are designed to elevate present Central Asian MAS-Q governmental infrastructures and legislation to a level that will be internationally recognized, accepted, and compliant with the World Trade Organizations TBT and SPS agreements.

The road map to achieving mutual recognition consists of two parallel paths:

1. Technical

Strengthen and align the technological MAS-Q base of the Gosstandards in the region to a level that will be accepted by the international MAS-Q community.

2. Legal and Regulatory

Strengthen the legal framework and harmonization process of national quality laws, standards, regulations, and policies to be consistent with international norms.

### Regional Technical Cooperation

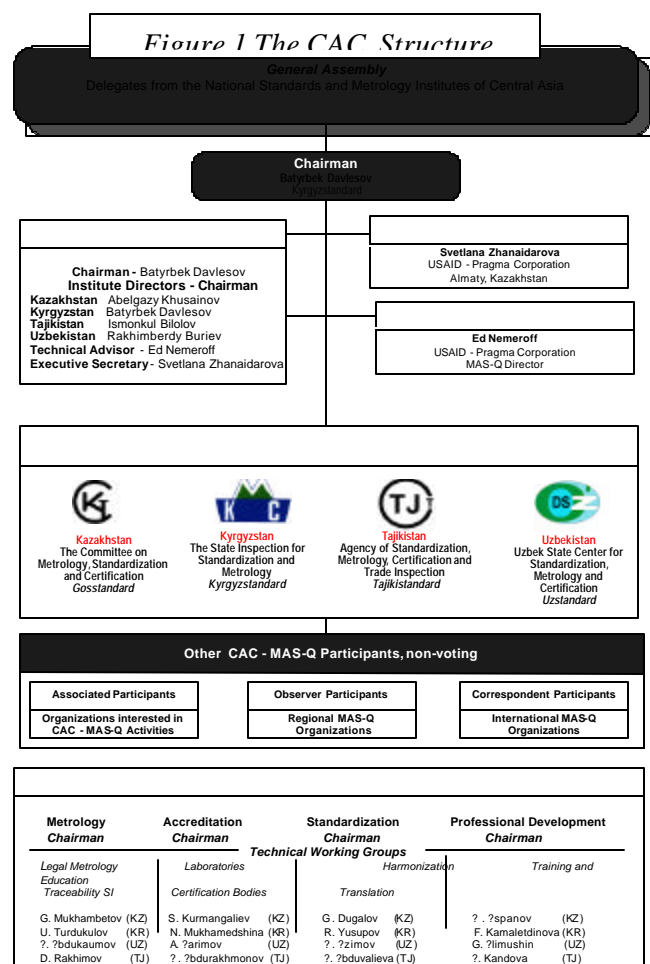
The vehicle for achieving mutual recognition is the Central Asian Cooperation on MAS-Q (CAC-MAS-Q) that was conceived and established with the assistance of international experts and facilitated by Pragma’s MAS-Q team. Members of the CAC-MAS-Q are the four National Gosstandards in the region with the Directors of each Gosstandard being the delegates. The TFI team is directly involved with the management and operation of the CAC. The TFI MAS-Q Director has been appointed Chief Technical Advisor and the TFI MAS-Q Deputy Director and Legal Advisor acts as the Executive Secretary and maintains the Office of the Secretariat.



*Figure 2 - Member Delegates of the*

Highlights of the second CAC-MAS-Q meeting –November 24-25 – Almaty, Kazakhstan

- The Special Assistance to the President of Kazakhstan and former Minister of Industry and Trade, Mr. M.T.Esenbaev attended the opening session and greeted the delegates. Mr. Esenbaev stated that Kazakhstan was proud to be a member of the CAC MAS-Q and host the event. He stressed the importance





and contribution that MAS-Q and the CAC could make in promoting regional trade.

- Delegates from the four TFI Central Asian countries approved and adopted by-laws.
- Technical committees were established, chairpersons elected, priorities established, and a plan of activities developed. Each country has a representative on each committee: Committees created were Metrology, Accreditation, Standardization, and Professional Development.
- Major CAC discussion concerning becoming a signature to the official MRA of the International Laboratory Accreditation Cooperation (ILAC) and the Multilateral Recognition Arrangement (MLA) of the International Accreditation Forum (IAF). Delegates have agreed that a “Road Map” to achieving mutual recognition is needed; TFI will develop a detailed Road Map and submit to the CAC for consideration and implementation,
- The Uzbek delegation presented a report on their participation at the annual meeting of the “International Organization for Legal Metrology” (OIML) held in Japan (USAID provided funding for this trip). The report was well received. This was the first time a Central Asian country participated in an OIML meeting. There were many questions from the delegates.
- The Chairman of Gosstandard, Kazakhstan presented a report on their participation in the ISO General Assembly meeting held in Argentina. (note: Gosstandard funded this trip). Their attendance was also a first for Central Asia. During the meeting, Gosstandard had separate meetings with officers of ISO including the General Director, who indicated that he would like to visit Central Asia in the summer (2004) and participate in a regional meeting. The Chairman also indicated that they have reviewed the Russian Law on Technical Regulations and that it is too complex and will be difficult to implement. He indicated that Kazakhstan will not follow their model.
- TFI provided an update on the metrology equipment being donated to the members of the CAC. (details provided in below)
- There were two invited guest speakers, Bill Barthold “Expansion of the USAID Pragma quality management services in Central Asia” and Tatyana Martynova, LabWare Limited; Presentation “Information decisions for industrial and analytical laboratories”. – (note: this is local office of a US company.)

### **Donated Equipment**

Formal contracts have been signed between the Pragma Corporation and Boeing, and the U.S. Navy to finalize issues related to the donation of equipment to Central Asian metrology systems. TFI expects the Boeing equipment to be delivered to Central Asia by the end of December with an estimated value of \$350-400,000 USD. Training in the use of donated metrology equipment will commence soon thereafter.

Currently, the calibration of the donated Boeing equipment has been completed and all instruments have been inventoried and tagged with the USAID logo stickers. The equipment has been transferred to the U.S. Navy and is packaged for shipment to Central Asia. The shipment is waiting on standby



*Figure 3 – HP- Precision  
Frequency Calibrator*

for space on military transport but will hopefully arrive in Bishkek by late December. The U.S. Navy equipment will hopefully be ready during the first quarter of 2004.

#### **CIS Scientific and Technical Commission on Conformity Assessment and Commission on Scientific and Technical Accreditation.**

At the invitation of Gosstandard, (Kazakhstan), TFI participated in a two-day meeting in Almaty September 11-12. Representatives attended from Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan, Uzbekistan, Ukraine, Russia, and Belarus. Discussions were held on the new law on technical regulations of Russia and future implementation of the conformity assessment element in the law. Russia indicated that it does not have internationally recognized trained assessors. The Kyrgyzstan delegation stated that the CAC members have assessors that were trained by TFI MAS-Q program according to the international standard, and presented an overview of the CAC-MAS-Q organization. Each country made a presentation of its MAS-Q system. It was determined that at present none of the CIS accreditation bodies are internationally recognized. There was a discussion on creating a "Quality Award" program for best products in CIS.

#### **Purchase of U.S. manufactured scientific instrumentation by Kazakhstan**

Gosstandard requested assistance from TFI to locate, recommend, and provide information on U.S. manufacturers of metrology instrumentation. TFI obtained product catalogs and information from U.S. suppliers including Ruska Instruments Corporation based in Houston, Texas. Ruska's products are considered the world's most accurate primary pressure standards. Ruska is a U.S. small business that employs 75 people.

Ruska products for CIS countries are distributed through a manufacturer's representative, Tek-Know, based in St. Petersburg, Russia. TFI met with management of Tek-Know last year in Central Asia. TFI invited Tek-Know to make a presentation of state-of-the-art equipment, including Ruska systems, at the TFI-sponsored regional MAS-Q meeting in Bishkek in November 2002. Gosstandart in Kazakhstan subsequently purchased a high precision gas piston gauge system that will serve as the national standard for Kazakhstan (value of approximately \$50,000 USD). It is the first U.S. manufactured equipment of its type to be purchased for use in Central Asia of which TFI is aware. Tek-Know has opened a representative office in Almaty, a new small business with foreign investment, staffed by locals that will be providing U.S. manufactured products throughout Central Asia.

### **C. Business Association Development**

During the past quarter Business Association Development in Kazakhstan has been promoted through TFI's involvement in the Forum of Entrepreneurs which was held in Astana in October. Brochures featuring the Partnership Program developed through the work of the TFI Kazakhstan National and Regional RIC teams were distributed at the Forum and requests for further information on the Program were received from Kostani and Petroplovsk. Follow-up visits to these sites, as well as visits to other potential partner sites in Karaganda, Aksu, Ikibastus, Ridder, Zhirinov, and Semei were conducted jointly by the Kazakhstan RIC Regional Advisors and members of the Regional Team. Assessments were made on the strength and ability of existing associations and the readiness of oblast administrations within these chosen oblasts to create a viable partnership in which constraints can be reduced or

removed. Assessment results were discussed at the RIC Managers meeting held in Almaty on December 4<sup>th</sup> & 5<sup>th</sup>, and a report is being prepared.

## **II. KYRGYZSTAN COUNTRY REPORT**

### **Key Results**

#### **RTIC**

- An order of the State Tourism Committee that required licensing of tourism activities, certification of services and accommodations, provisions of service contracts, rules for hotels and minimum education requirements for staff was abolished through the efforts of a TFI working group and a group of associations who helped conduct a Regulatory Impact Analysis (RIA) of this particular act. This was a clear example of how a simple study of impact and costs and benefits could be used to influence policy making.
- Another order of the State Tourism Committee was also abolished through the efforts of TFI and tourism groups. This act required all tourism service providers to use a government-established tourism logo on all documents and correspondence, including letterheads, envelopes, business cards and brochures. Companies complained the requirement was too costly.
- A draft regulation on the procedure for obtaining construction and site development permits was completed and sent to the government for consideration in December. The Matrix working group with the participation of TFI experts and those from the USAID Land Reform Project drafted the regulation. If enacted, the draft will significantly streamline the present system of obtaining permission to construct, renovate and re-profile buildings and sites as well as create greater transparency.
- Through the efforts of the International Business Council (IBC), which TFI supports, the IMF agreed to issue conditionality to the Kyrgyz government to allow for a 60-day review and comment period for all acts that place mandatory requirements and compliance costs on businesses. This supports the decision of the last Investment Summit and the law On Normative Legal Acts and should provide additional support and leverage to our joint efforts to ensure greater transparency in the legislative drafting process.
- Two additional laws were passed by Parliament in the second quarter to bring them into compliance with the law On Licensing. This brings the total to 31 laws amended of the 51 submitted last year.
- Through the efforts of the TFI working group under the Secretariat in Osh oblast, the following decisions were repealed, based on the complaints of entrepreneurs and Prosecutors' protests:
  - An act requiring exporters to submit proof of Social Fund accounts to Customs in Osh.
  - A decision banning the use of Damas minibuses as taxis in the city of Uzgen. The act affected 26 taxis.

- An act requiring special tourism permits to enter certain alpine zones in Batken oblast. Local officials also applied discriminatory pricing depending on who applied for the permits.

## **MAS-Q**

- TFI, together with Europe-Aid, conducted the National Forum on Technical Regulation in Bishkek in October to introduce the final draft of the law On Fundamentals of Technical Regulation. At the Forum, the President, A. Akaev, spoke of the importance of the new law and the MAS-Q reform effort and stated his intention to personally introduce the draft to Parliament in December. This is a major step towards the adoption of an internationally compliant technical regulation law in the Kyrgyz Republic. The President rarely exercises his right of initiative for draft laws and his backing should help minimize opposition to the law. TFI submitted a final draft to the President's Administration in late November.

## **WTO/TRADE**

- TFI assisted the Ministry of Foreign Trade and Industry (MFTI) prepare for several bilateral meetings with their Kazakh counterparts throughout the quarter. The focus of these meetings was Kazakhstan's WTO accession and its desire for the Kyrgyz government to sign its accession protocol indicating it has no objections to or conditions for Kazakhstan's full accession. In each case, the Kyrgyz government stood firm in its position that Kazakhstan must address certain trade issues, namely easing transit restrictions for Kyrgyz transporters through Kazakhstan. Though these issues remain unresolved the proceedings indicate that the MFTI is becoming increasingly adept at trade negotiation at the highest levels. With TFI assistance, their positions are becoming better articulated and supported and they present themselves much more professionally and confidently.
- TFI conducted a seminar in Osh and Djalal-Abad in September to introduce to exporters and transporters in the South the TIR Convention and its potential as a means of reducing transit and transport costs within the region. The purpose of the TIR carnet system is to provide for the free movement of goods and provide customs with security. This done by allowing qualifying trucks to be inspected once and sealed in a manner that can be verified by authorities along the transit route and, thus, eliminate the need for further inspection and documentation. The system is costly for small-scale operators but can be very cost effective for consolidated shipments. The participants expressed great interest in learning more about the possibilities of using the system and the TFI is now attempting to expand access to TIR carnets in the South, as they are presently on available in Bishkek.
- A Kyrgyz delegation attended the WTO Cancun Ministerial in September. TFI experts assisted the delegation in their preparations and despite the general failure of the talks as a whole, the Kyrgyz delegation succeeded in holding successful bilateral meetings with key trading partners currently in the accession process, namely Russia, Ukraine and Azerbaijan.

- The Inter-ministerial Commission on WTO Compliance under the Government succeeded in pushing through amendments to the law On Licensing that recognizes the notion of “automatic licensing” on select imports in compliance with the requirements of the WTO. The WTO Agreement on Import Licensing Procedures establishes rules for WTO Members that use import licensing systems to regulate their trade. Automatic licensing systems are intended only to monitor imports, not restrict them. These amendments will be promoted in Parliament in the next quarter.
- As a result of a meeting of the Cross Border Council of Talas (KG) and Djambul (KZ), where local entrepreneurs complained about the lack of mutual recognition of certificates of compliance issued by their local Gosstandard offices, Kyrgyzstandard and Kazakhstandard signed an agreement on mutual recognition in these two regions. The agreement was signed in July but only made public in September.
- TFI, with the support of Europe -Aid, conducted a seminar in November on the potential market for customs brokers in Kyrgyzstan. Presently, there exist no proper customs brokers, freight forwarders and other service providers in Kyrgyzstan, only customs declarants. The draft Customs Code, currently under consideration in Parliament, will allow for private sector entities to engage in full customs broker, freight forwarder and customs warehouse operations. As such, TFI took the lead in bringing together declarants and potential customs brokers to discuss the issues and prospects for this sector. Over 30 people attended, including Customs and the Association of Customs Brokers and Freight Forwarders of Kazakhstan, which presented the participants the benefits of creating associations of market participants to effect necessary legislative changes and protect their interests. As a follow-up to the seminar, TFI organized a focus group of potential brokers to discuss the provisions of the draft Customs Code. With TFI assistance, the participants drafted an official commentary to the Code and forwarded it to the Budget and Tax Committee of Parliament for consideration. The participants also agreed to pursue the creation of a professional association.

### **New Areas-Planned Work**

#### **RTIC**

- Complete and promote the adoption of the concept of deregulation and begin implementing it. Specifically, this will involve implementing the provisions of review and comment of all draft acts, approving a final register of mandatory permits consistent with law and beginning the drafting of a new law to regulate the conduct of inspections.
- Promote the adoption in the Government of streamlined procedures for approving architecture and construction works. Draft regulations were presented to the Government last quarter.
- Begin implementing the new provisions of the law On Normative legal Acts in Osh with participation of oblast and city authorities.

## **MAS-Q**

- Promote the adoption of the law On Fundamental of Technical Regulation in Parliament.
- Continue implementation of the Kyrgyzstandard transition plan with the completion of a needs assessment survey of local businesses with the participation of Kyrgyzstandard personnel. At least one survey will be conducted in Bishkek and an additional survey in one region of Kyrgyzstan.

## **WTO/TRADE**

- Provide continued support to the Inter-ministerial Committee on WTO Issues to reduce barriers to trade, specifically the elimination of certain import and export restrictions and passage of the rules on automatic licensing.
- Complete a study of TIR usage in the Kyrgyz Republic and determine the feasibility of expanding its usage as a means of reducing transit costs for Kyrgyz exporters and transporters.
- Conduct the 3<sup>rd</sup> meeting of the Ferghana Valley Cross Border Council in Khujand with participation of government and business from all three countries and obtain commitments to reduce at least two cross-border constraints and begin their reduction.
- Develop the first draft of a trade constraints methodology that will allow local RIC offices and associations with a tool to systematically map trade procedures and select constraints for reduction that will have the greatest impact.
- Continue to promote the passage of a WTO and Kyoto-compliant Customs Code in Parliament.

## **Progress toward PMP**

Cumulative constraints removed (current quarter)

National: 5 (2)

Local: 6 (3)

## ***Other Issues***

- Passage of the Technical Regulation law will require strong political support from both USAID and the U.S. embassy through the intervention of the new ambassador. TFI will brief the ambassador prior to the next Consultative Council meeting in mid-December in hopes of raising this issue with the President and Prime Minister.

### **III. KAZAKHSTAN COUNTRY REPORT**

The program in Kazakhstan is in a period of transition with the change in Country Manager that occurred on November 24. Also, there is a renewed interest in WTO work on the part of the government, and the initiation of the Partnership Program. All of these will require some time to adapt and refocus the program during the next quarter.

#### **Reduction of Investment Constraints**

The most significant result in this quarter is the acceptance of the National Statistics Agency to reduce the amount of materials that must be submitted by businesses in the form of decreased forms and shortened forms. It is anticipated that changes could save a company up to a third of the time it currently spends processing statistics forms.

The Forum of Entrepreneurs was held on October 31 in Astana. TFI made a presentation on the importance of collaboration in cities between government and the private sector in order to improve the investment environment. In addition, Pragma gave concrete examples of how government can improve the environment for small businesses by supporting the presentations of the Tourism Association, the Almaty Association of Entrepreneurs, and the Pharmaceutical Association. Since the speech, several important legislative initiatives support TIP provisions have been presented to the Parliament including legislation granting the Prosecutor's Office the right to refuse inspections and a law establishing a one-window business registration system.

Inspections were an important theme of the Forum. President Nazerbayev noted the impact of illegal inspections on businesses, and the Almaty Association of Entrepreneurs attributed many of the problems regarding inspections on the outdated Administrative Code. It is hoped that the Code will be addressed as a topic of priority by the government during 2003-2004.

The Almaty Association of Entrepreneurs' presentation was a result from an analysis of the Administrative Code in Kazakhstan with financial assistance from CIPE,. It is believed that the Administrative Code is largely responsible for many of the problems in the inspections in Kazakhstan. The fine and penalty structure in the Code creates opportunities for rent-seeking behavior on the part of government officials. As a result, Pragma Corporation will assist the Association to work on reforming the Administrative Code in an effort to improve the inspection regime.

#### **Electronic Governance Initiatives**

The City of Uralsk has requested Pragma Corporation's assistance in establishing a oblast web site targeted at small and medium entrepreneurs. Pragma met with the Director of the Department on Small Business, and coordinated activities between the Agency on Informatization, the National Information Technology company, the Uralsk branch of IREX, and local business associations to establish a website.

Cisco Systems and Microsoft are planning on holding a seminar on e-government for government officials in November with official support from the Agency. The three parties have approached the TFI, as a recognized leader in e-commerce development in Kazakhstan, asking for assistance with content for this seminar. TFI team will

assist with content development for this seminar and will present on certain aspects of implementing e-government.

In addition, TFI contributed to the formation of the Association of Information Technology Companies. This Association is a national association that will act a counterpart to the Agency for Informatization, the Republican Agency under the Office of the President charged with increasing the use of the internet in business and government in Kazakhstan. As the Agency participated in the formation of the Association, it is expected that this will ensure a strong voice of the private sector in the development of electronic communications in Kazakhstan.

### **Partnership Program**

At the Forum of Entrepreneurs in Astana, TFI officially launched its partnership program to transfer RIC technology to local associations in select cities in Kazakhstan. The TFI Partnership Program was designed based on two pilot cities. TFI continued its work with the two pilot programs and engaged its first partner during this past quarter. Work in Aktobe with the Association of Entrepreneurs continues with the establishment of a working council in the city and the prioritization of a list of constraints facing businesses. In Astana, the other pilot program, the process of forming a council continues.

An agreement was established with the Association of Entrepreneurs in Atyrau in October. The City Council in Atyrau has responded positively to this development as they have formed a new working council (the previous one did not seem to have a specific mandate or any successes).

The TFI project established evaluation criteria for its cities and conducted evaluations in the cities of Kostanai, Petropavlovsk, Karaganda, Aksu, Semei, Ridder, and Zireksayev. The evaluations for the latter three cities come on the heels of a one day training session in Ust Kamenogorsk during October. Other candidates remain in Irtys, Taraz, and Aktau for possible December evaluations. The results of the evaluations are now being compiled.

### **WTO**

The WTO Department in the Ministry of Trade and Industry launched an information program aimed at regional cities by providing one day seminars in 6 cities. Pragma Corporation was asked to participate in this tour and presented the impact of WTO accession on the business community. This tour is part of a larger strategy of the WTO Department (including a website and printed materials) to better inform the business community of the progress of acceding to the WTO.

In October, 2003, TFI received a letter from the WTO Department requesting assistance on three issues: 1) finding a copy of Codex Alimentarius in Russian; 2) understanding the definition of legal services for purposes of WTO; and 3) developing an approach to Intellectual Property to prepare Kazakhstan for accession and to get it removed from the Super 301 watchlist.

In November, TFI held meetings with the WTO Department and Ms. Aitzhanova, Deputy Minister for WTO accession. We provided documentation on legal services, a



letter on an approach to Super 301 and discussed possible ways to get a copy of Codex Alimentarius. She requested assistance in developing and supporting a plan to overhaul the intellectual property system and legislation with the objective of getting Kazakhstan removed from the Super 301 list. TFI will work with the Ministry of Justice committee on intellectual property on the plan.

## **MAS-Q Activities**

### **Law on technical Regulations Participation in the Working Group Drafting the Law «On Technical Regulation in the Republic of Kazakhstan»**

Two WG meetings related to this law were held during this quarter. Svetlana Zhanaidarova attended. She advised on TBT and SPS Agreements and presented the international practice of technical regulation development, adoption and application procedure to the members of the working group. We provided comments and proposals related to the draft law, most of them have been taken into account, in particular the ones related to the use of international terminology, elimination of individual clauses related to voluntary application and editorial changes. However, some of the conceptual comments were not adopted. In particular, the clauses related to voluntary application were retained despite our recommendation to take them out. It is noteworthy, that the current draft law has been cut down to 58 articles instead of 101.

WG Chairman A.K. Kusainov (Chairman of the Committee for Standardization, Metrology and Certification under the Ministry of Industry and Trade) is planning to have the final discussion of the draft law completed by mid December 2003 and to circulate the draft law among all ministries and agencies. Since the law is of strategic importance, the Chairman is planning to request that it is agreed upon as soon as possible and in early 2004 be submitted to the Parliament. In addition, Mr. Kusainov requested TFI to provide its opinion of the draft law. He stated that such an opinion is essential for the public servants and MPs to realize the importance of adopting the draft law to facilitate economic and international trade development in the Republic of Kazakhstan.

Chairman Kusainov personally requested that Svetlana Zhanaidarova participate in the CIS Forum «Federal Law on Technical Regulation – New Requirements to Access the Russian Market» in Moscow on December 2-3, 2003 as a part of Kazakhstan's delegation. –Decision was made for her to attend.

### **Accreditation in Kazakhstan – Achieving mutual recognition**

Gosstandart (Deputy Chairman V. Mikhaltchenko) contacted us to request the third phase of 17025 training. The third stage includes actual accreditation of a testing laboratory and will require selecting and preparing three laboratories in Central Asia to go through that process. Mikhaltchenko stated that Kazakhstan has such laboratories and they are ready for accreditation. In order to access the status of those laboratories we prepared and forwarded to Gosstandart the materials and recommendations to be followed by Gosstandart to confirm their readiness.

So far we have not received any materials from Gosstandart in response, which delays the process of expert training in Central Asia.

### **English language training courses for the technical specialists**

We received official request from the chairman of Gosstandard to provide English language training courses for the technical specialists of the Standardization, Metrology and Certification Committee. We agreed to conduct training; the program is designed to teach technical specialist the use of the English vocabulary of scientific terminology used by the International Organization for Standardization, ISO. The course commences in October. The course is designed to accommodate 15-20 technical specialists; it is conducted 2 hours per day, 3 days a week for a period of 6 months. Gosstandard will provide the classroom facility.

### ***Progress toward the PMP;***

One constraint removed: Time savings completing statistics forms. In addition, the statistic agencies now allows for third party submission of forms which will significantly reduce time invested in this process, particularly for small investors without accounting staffs. This will likely give rise to other service industries.

## **IV. TAJIKISTAN COUNTRY REPORT**

Summary of the key results achieved including benchmarks achieved, significant steps taken towards benchmarks, and training.

### ***RIC***

Benchmark: Establish a transparent and efficient business registration system.

The initial draft of the business registration implementing regulations is out and being reviewed for further improvements. The Working Group development of the new regulations on business registration was established and its first meeting was organized jointly by the Ministry of Justice and TFI. Participants were from the Ministry of Justice, State Statistics Committee, Ministry of Revenues, Ministry of Finance, Ministry of Interior, representatives of business associations and USAID/Bearing Point. Tasks of the working group, its calendar plan of activities, and analysis of the existing registration system prepared by TFI, structure of the proposed registration regulations were discussed and based on written and oral inputs by the participants Ministry of Justice worked on preparing the first draft of the registration regulations. The draft still requires further improvements to create better coordination among the governmental bodies involved in the process and to reduce time and number of bodies involved. Once agreed between TFI and the Ministry of Justice the draft regulations will be distributed among the members of the Working Group and discussions will be held at the next meeting of the Working Group.

Two officials from the Ministry of Justice and the Ministry of Revenues, who are members of the Working Group on development of the new regulations on business registration, attended the Legislative Drafting training in Almaty organized jointly with the ARD/Checchi, USAID/Commercial Law Reform Project. Participants

learned basic principles of the legislative drafting process and trained on practical application of these principles.

Benchmark: Adoption and implementation of the new law on business licensing.

Draft Business Licensing Law is finalized and ready for enactment by the Parliament. TFI representative became integrated into the Working Group on the draft Law on Licensing consisting of representatives of the Committee on Energy, Industry, Construction and Communications of Majlisi Oli and President's Legal Department. During the quarter there were five meetings of this Working Group conducted with participation of the TFI representative. As a result, the draft law was revised, *inter alia*, to cut the number of activities subject to licensing, decreased the time frame for consideration of the applications, established unified implementing regulations to be developed. Also, transition provisions were included that excludes current license holders from re-obtaining licenses under the new law until their current terms expire. Licensing requirements for the activities not included in the new law will automatically be eliminated. The draft law was considered at the first reading at the joint meeting of all the parliamentary committees and all the committees signed off to the draft to be considered and adopted at the session at large. It is expected that the new law will be adopted in December 2003.

In addition, a project's customs assistant conducted a road trip to Kabul to describe the existing barriers in transportation of goods between Dushanbe and Kabul. (*See Attachment 4*).

#### **WTO**

Replies to questions posed by Australia and EC were submitted to the WTO Secretariat and distributed among the Working Party members. US questions were received and currently work is underway on preparing replies.

The Tajik parliament adopted the Law On Amendments to the Law on Foreign Economic Activity and it is pending signature by the President. This law eliminates the registration requirement for engaging in foreign economic activities including exporting and importing of goods and services. It this significant step in liberalizing foreign trade as no more registration is now required. However, the law still has a provision that authorizes the Ministry of Economy and Trade to stop the foreign economic activity of companies for ill-defined reasons.

*Description of new areas that have been added to the work program during the quarter including the proposed new benchmarks and justification*

Three new benchmarks are proposed to be included into the work-plan in the area of RIC Activities. Two of them relate to Soghd oblast activities. Before we had no local level Soghd oblast specific activities other than activities aimed at supporting Ferghana Valley regional activities. One of the new benchmarks is establishment and functioning of the near-border trade zones in Soghd oblast. Government recently adopted a resolution #429 on establishing such zones on the borders with Uzbekistan and Kyrgyzstan. TFI's efforts would be aimed at ensuring proper functioning of these zones for facilitating cross-border trade of the Soghd oblast with neighboring countries.

Another activity is to eliminate illegal fines established by Tajikstandard. There were a lot of complaints from entrepreneurs received by the Association of Entrepreneurs of Soghd Oblast. Projects will work to seek for court decision that will cancel the illegal resolution.

USAID puts emphasis on increasing trade between Tajikistan and Afghanistan. TFI will focus on identifying and eliminating barriers to increased trade to support EDP activities targeted at establishing trade links.

There are no new activities added within the WTO component. However, activities were broken down to specify concrete steps taken towards the accession for more clarity. These benchmarks include: (i) preparation and submission of replies to questions posed by the WTO Working Party members; (*See Attachment 5*). (ii) three pieces of legislation enacted WTO compliance; (*See Attachment 6*). (iii) preparation and submission of the WT/ACC documents to the WTO Secretariat. In addition, one activity targeted at private sector is proposed to be included. TFI will help Tajik business associations to formulate their market access concerns and raise it up with the MET and Inter-ministerial working group.

TFI has established working relationships with the members of the parliamentary Committee on Energy and Industry and found support among its members for developing new law on technical regulations and reforming Tajikstandard. The new activity will be aimed at establishing necessary political support for reforms among wide range of government and private sector circles as was agreed with the Committee members. Also attached is a report on the WTO Conference held in Cancun Mexico. (*See Attachment 7*).

*Planned directions and activities for the coming quarter including significant meetings, training events etc.*

Investment legislation round-table for the working group on developing new law on investments (to be established) is planned for February 2004. Estimated budget is under \$1,000.00

Business licensing round-table for license issuing ministries and agencies licenses following the enactment of the new Law On Licensing of Business Activities. Estimated budget is under \$1,000.00

Business registration trainings following the adoption of the business registration implementing regulations in Horog, Kuliab, Khujand. One representative of the Ministry of Justice and one from TFI will travel to these regions to deliver the training and explain the new registration procedures. Estimated budget is \$1,000.00

TIR trainings in each of the oblasts for transporters, traders and customs officials. AED funding is requested in the amount of \$2,700.00. This would be a cost-shared training with ABBAT Association of Road Carriers of Tajikistan contributing \$1,500.00

“Tajik-Afghan Trade in a Security Perspective” – Conference jointly with OSCE and EDP is planned to take place during the quarter. It is planned that the event will be fully funded by OSCE, however, in case the budget exceeds \$6,000.00 TFI and EDP may have to contribute insignificant amounts.

*Progress toward the PMP - the number of constraints removed in the quarter and the number removed to date. The significant steps that have been taken toward WTO accession.*

RIC:           Number of constraints removed during the quarter – 0  
                  Number of constraints removed to date - 0

WTO:           Number of steps taken during the quarter – 2  
                  Number of steps taken to date - 7

Description of steps/constraints contained in a separate PMP status table. (*See Attachment 8*).

*Any other issues of which USAID should be aware (areas where political support from USAID/embassy may be needed, etc.).*

UNITAR completed its initial phase of assistance which was focused principally on education and training, mainly in Geneva. The local UNITAR representative resigned a month ago and so continuity is a problem. The project is reportedly entering a second phase, but we have not been able to determine the scope of activities scheduled for the second phase. According to Giovanna O'Donnell, UNITAR program coordinator, under the new phase they do not have any priorities and areas where their efforts would be focused and plan to cover all the areas depending on the Tajik government's wishes. As a result, we have not been able to create the synergies we would have liked. Neither, the UNITAR program coordinator, nor the Swiss Coordinating office, although cooperative in general terms, seem to have authority to discuss the substantive activities of the program or to speak definitively on coordination issues. TFI intends to pursue with USAID better coordination in Bern, where funding and program decisions are made.

## **V. UZBEKISTAN COUNTRY REPORT**

The period from September 1 to November 30 was one of transition in Uzbekistan. TFI hired a new Senior WTO Advisor, briefly a new country director, and initiated negotiations for a long term Senior WTO Advisor. Despite this state of flux, concrete steps were taken to advance the process of Uzbekistan's WTO accession.

Following a letter from USAID/CAR Director George Deikun to Elyor Ganiev, Chairman of the Agency for Foreign Economic Relations, TFI studied the existing GOU structures and procedures relating to the WTO accession process, and formulated a proposal for organizing the related work, and presented the proposal to the GOU.

The proposal was seemingly well received, with no negative comments after repeated inquiries. The GOU also agreed to designate in short order a core group of permanent negotiators. Unfortunately the GOU has missed several self-imposed dates for the

designation of the negotiators, and has taken no decision related to the negotiations task force. TFI has recommended that these and other items be placed for decision on the agenda of a meeting of an Interagency Commission for WTO matters, scheduled for the week of December 8.

With this uninspiring response from the top levels of the GOU, TFI opted for moving and organizing the accession works forward by taking a bottom-up approach. TFI reactivated two topic specific working groups (in SPS and TBT) to review responses made to WTO accession checklists. TFI –WTO consultant and MAS-Q team provided guidance and training to the working group members on how to analyze the checklists and questions, how to identify issues, and how to structure responses. TFI –MAS-Q specialists will assist these working groups in the review process, with the goal of producing a substantive work plan of WTO related objectives. Along the way TFI – MAS-Q team will also arrange for SPS and TBT orientation sessions for the working group members, and more in-depth workshops.

It should be noted, that there is a clear lack of understanding on the part of the members of the working groups (both SPS and TBT) about the requirements contained in SPS and TBT agreements. The mandate given to the working group seems to be very limited to merely providing recommendations to the government, rather than actually operating as a technical group of experts whose conclusions should be the basis for the government in their further actions. Such concrete actions may include either introducing legislative changes (adopting new laws or amending old ones) or allocating budgets for certain procedures (for instance establishment of the SPS inquiry point, or hiring new staffs, etc.) In many ways, such a perception is being mainly taken on the members of the working groups by the representatives of the Agency of Foreign Economic Relations, that confine the work of the working groups simply by filling out the boxes in the respective checklists. TFI Experts attempted to explain to the members of both working groups, that their role should be far beyond simply filling in blanks in the checklists, and should result in substantive program of action for the government to take concrete steps in the direction of reforming the areas of standards, that is essential for creating acceptable environment for the development of an open trade regime.

TFI has contacted AFER to reproduce the process just described, in the areas of IP and customs. Other areas and working groups will follow. We shall use the appropriate checklists and questions from WTO members to provide structure to the reviews, and identify goals and action items. In IP, TFI has been requested to advise on resolving the Special 301 watch-list issue, and leveraging action in this item for training and implementing WTO compatible procedures in the GOU.

Additionally, TFI –WTO consultant met with the newly arrived GOU delegates to the WTO in Geneva, Switzerland. TFI advised the delegates on the organization of the Mission's work, staffing requirements, WTO and trade related proceedings, and relations with other Delegations. TFI also accompanied the GOU Delegates on several informal meetings with the WTO Secretariat and the accession negotiators for the European Commission Delegation.

The MAS-Q team provided a review and assessment of Uzstandard, a draft report was provided to the management of Uzstandard. The report was reviewed by Pragma's MAS-Q team and Uzstandard. Slight modifications were made, the next step will be to agree on the implementation phase.

USAID –Pragma provided funding for 2 members of Uzstandard technical staff to attend the Organization for International Metrology (OIML) in Japan in November. A formal report was provided by Uzstandard to the CAC –MAS-Q regional meeting

Law on Technical Regulations –Meeting of working group, Svetlana Zhanaidarova of the MAS-Q team is an active member of the working group for the development of the draft Law of the Republic of Uzbekistan on technical regulations. We were provided with copy of the draft Law “On Technical Measures in Trade” for our comments and providing legal assistance. September 16, 2003, meeting with members of the working group, we were provided with new version of the draft Law members of the working group thanked us for our comments and suggestions and emphasized that they have taken into consideration all the comments which we provided and all but one were incorporated.

The Draft law has now been provided to Uzstandard for coordination and agreement and will be distributed to all interested ministries and institutions for consideration and coordination.

**ATTACHMENT 1**  
***Quarterly Report Chart:***  
***September 1, 2003 – November 30, 2003***





## TRADE FACILITATION AND INVESTMENT ACTIVITY



### QUARTERLY REPORT: September 1, 2003 – November 30, 2003

REGIONAL			
Trade Facilitation			
No.	Benchmarks	Start Date	End Date
<b>RTF 01</b>	<b><i>Develop and make available one commercial insurance product to facilitate trade</i></b>	<b><i>1-Jun-03</i></b>	<b><i>31-Mar-04</i></b>
<b>Description</b>	<i>Customs in all countries in the region has used costly and time consuming approaches to control the transit of goods through their countries. These include large deposits, escorts, and other outdated techniques. Use of insurance products has the potential to reduce delays and costs related to the transit of goods. TFI successfully lobbied for the inclusion of insurance as a risk tool in the new Kazakh Customs Code and is working to ensure that it is a part of the customs codes of other countries in the region. Kazakhstan Customs has agreed to support insurance as an alternative to escorts and deposits. No transit insurance currently exists in any of the countries. TFI, working with Customs, reinsurers, insurers and transit companies, will develop a product that can be offered on the commercial market to transport companies. If the product can be successfully launched in Kazakhstan, we will then work to expand its acceptance to other countries with assistance of commercial insurance companies.</i>		
<b>Month</b>	<b>Status &amp; Comments</b>		
<b>Nov 2003</b>	Legal issues related to the transit guarantee in Kazakhstan have now been resolved. TFI staff is now busy with the development of the first draft of the logistics for the insurance guarantee proposal. The logistics under development will include procedures for transporters, as well as procedures for customs officials in the administration of the transit mechanism. The logistics will be presented at a meeting with the CCA in Astana in January.  <i>In the Kyrgyz Republic</i> - In order to identify problems that Kyrgyz transporters face when transporting their products from Kyrgyzstan to Russia through Kazakhstan, Hamida Akhmetova is working with the Department of Customs, KyrgyzASMAP and certain transport companies. The findings of this work will be sent to TFI Almaty office to raise the issues with the RK government.		
<b>Oct 2003</b>	1) A short-term international consultant has obtained, researched and analyzed English versions of all the RK Codes of Legislation relating to insurance issues. The aim of the research was to develop a final transit guarantee product that meets all legal and practice objectives. The consultant worked in close cooperation with the FSI lawyers. Based on the results of the research, the consultant has developed a comprehensive report (attached).		

	<p>Two meetings were arranged with the RK Customs Brokers and Freight Forwarders Associations that are also involved in the project.</p> <p>2) RK RTS have analyzed the existing trade related legislation on transit and have developed the document that contains legal requirements of all controlling agencies for crossing the RK border and transit through the RK territory. At present the document is being agreed upon with the relevant government agencies. The next step will be development of our recommendations on simplification of cross border and transit procedures</p>
<b>Sep 2003</b>	<p>To date, the consultant has obtained, researched and analyzed English versions of the following Codes of Legislation:</p> <p>(KZ = Kazakhstan KG = Kyrgyzstan)</p> <ol style="list-style-type: none"> <li>1) Customs (KZ)</li> <li>2) Civil (General Part) (KZ)</li> <li>3) Civil (Special Part) (KZ)</li> <li>4) Tax (KZ)</li> <li>5) Civil Service (KZ)</li> <li>6) Labour (KZ)</li> <li>7) Anti -Corruption (KZ)</li> <li>8) Insurance/Reinsurance (KZ)</li> <li>9) Transit of Goods (KZ)</li> <li>10) Transit of Vehicles (KZ)</li> <li>11) Motor Transportation (KZ)</li> <li>12) Civil Procedural (KZ)</li> <li>13) Administrative Violations (KZ)</li> <li>14) Banks and Banking Activities (KZ)</li> <li>15) Regulation and Supervision of Financial Markets (KZ)</li> <li>16) National Bank (KZ)</li> <li>17) Civil Code (KG)</li> <li>18) Customs (KG)</li> </ol> <p>The analysis of the legislative base will lead to the development of the transit insurance guarantee system that facilitates transit shipments through Kazakhstan, is accessible for smaller transporters, and will be acceptable to the Customs Control Agency for the payment duties and taxes on any through transit shipments that happen to be diverted into the national economy.</p>

No.	Benchmarks	Start Date	End Date
<b>RTF 02</b>	<b><i>Initiate TIR operations in Tajikistan</i></b>	<b><i>1-Aug-03</i></b>	<b><i>31 Mar 04</i></b>
<b>Description</b>	<b><i>In Tajikistan, no TIR system has been established. The International Roadhaulers Union is near to making a decision on an authorized body to implement TIR. TFI will work with the IRU and the authorized implementing body to establish the TIR system in Tajikistan. TFI will facilitate the process of finalizing the selection, providing technical assistance, and educating transport companies, businesses and government on TIR operations. The targeted result is have at least one TIR shipment originate in Tajikistan by March 31, 2004.</i></b>		
<b>Month</b>	<b>Status &amp; Comments</b>		
Nov 2003	Training was arranged and delivered for Tajik ABBAT (road transport) Association on how to get an EDP grant in order to establish a training center for the TIR system and transit related issues.  The additional training sessions on the TIR system are planned for late January and February 2004.		
Oct 2003	The TFI Dushanbe specialist has negotiated with ABBAT freight forwarders association on delivery series of seminars on TIR issues. As a result of the negotiations, the program, budget, participants and venues of the seminars were agreed upon. It was decided to deliver the seminars in Khujand, Dushanbe, Kurgan-Tube and Khorog.		
Sep 2003	No activity to report		
No.	Benchmarks	Start Date	End Date
<b>RTF 03</b>	<b><i>Expand TIR carnet availability to two additional cities</i></b>	<b><i>1-Jun-03</i></b>	<b><i>31-May-04</i></b>
<b>Description</b>	<b><i>In Kazakhstan and Kyrgyzstan, the TIR system is in place but carnets are only available in Almaty and Bishkek. Transporters must travel from the regions to the capitol cities to obtain the carnets. This adds costs and time to the TIR process making it less accessible to transporters and producers. This benchmark targets expansion to two additional cities - especially targeting Southern Kyrgyzstan.</i></b>		
<b>Month</b>	<b>Status &amp; Comments</b>		
Nov 2003	Additional public information sessions on the TIR system are planned in the Krygyz Republic and in Tajikista in early 2004.  An analysis of TIR utilization in the Krygyz Republic is due for completion in December. This analysis will help to determine further actions that must be taken to increase utilization of the system in Krygyz Republic and the region (principles).		
Oct 2003	No activity to report.		
Sep 2003	The TFI Project arranged three successful seminars on the Transport International Routier (TIR) system. Road transporters, freight consolidators, other businesses and customs officials were the targets for all three seminars. The purpose of the seminars was to provide general information on the TIR system, and <i>practical advice</i> to the private sector interests on how to take advantage of the transit facilitation offered under the TIR system.		

No.	Benchmarks	Start Date	End Date
<b>RTF 04</b>	<b>Reduce nine cross border constraints at three border posts (at least one in Ferghana Valley)</b>	<b>1-Jun-03</b>	<b>31-May-04</b>
<b>Description</b>	<i>The procedures at border crossings are cumbersome and time consuming. Traders must often wait for hours while numerous separate government officials review documents and argue with traders about regulatory requirements. Businesses often complain but often cannot articulate the specific bottleneck or identify the offending agency. TFI will develop a methodology for analyzing crossborder procedures, apply that methodology to map, target, and reduce specific constraints.</i>		
<b>Month</b>	<b>Status &amp; Comments</b>		
Nov 2003	Work is proceeding on development of a <i>Trade Logistics Strategy</i> . The first draft of the methodology is due for completion in December.		
Oct 2003	<p>The objective is to develop a standardized methodology to identify constraints to trade, and to build proven advocacy strategies for developing and advancing solutions to overcoming those constraints in having them reduced or removed, in business associations. The skills required and the methodology and strategies will be taught to business associations in building their capacity to advance trade facilitation.</p> <p>RK TFI International Trade and Customs specialists are working with private sector parties in the oblasts to energize the consultative process. In Pavlodar an agreement on cooperation is achieved and a joint action plan is developed between TFI, Pavlodar Oblast Chamber of Commerce and Pavlodar Customs (the Russian version is attached). The action plan is aimed at trade facilitation. The Pavlodar RTS has helped to develop the survey format aimed at identifying constraints/problems that traders face in importing/exporting goods. He also helped to develop the program that makes the surveys processing easier and effective.</p>		
Sep 2003	<p>In Osh and the Ferghana Valley, the TFI Project has provided support to the development of cross-border councils to identify border constraints to trade and transit.</p> <p>We are also directly observing and mapping the trade and transit processes from Dushanbe to Kabul by having a TFI Project lawyer from Tajikistan travel with a transport company truck on that route in September. All constraints are being identified and will be mapped and analyzed for the best strategy for reduction.</p> <p>In October, we also plan to have a TFI Project staff member undertake a similar observatory mission in a transport vehicle from Osh to the Russian market. The objective will be to map constraints in exports from the Krygyz Republic, crossing the border into Kazakhstan, transit through the territory of Kazakhstan, crossing the border into Russia, and transporting the cargo to its destination in Russia</p>		
No.	Benchmarks	Start Date	End Date
<b>RTF 05</b>	<b>Develop and International Trade Guide</b>	<b>1-Jun-03</b>	<b>31-May-04</b>
<b>Description</b>	<i>The procedures at border crossings are cumbersome and time consuming. Traders must often wait for hours while numerous separate government officials review documents and argue with traders about regulatory requirements. Businesses often complain but often cannot articulate the specific bottleneck or identify the offending agency. TFI will develop a methodology for analyzing crossborder procedures, apply that methodology to map, target, and reduce specific constraints.</i>		
<b>Month</b>	<b>Status &amp; Comments</b>		

Nov 2003	Customs Control Agency experts in Kazakhstan are continuing work on the development ITG (customs regimes for importation, exportation, transit, temporary exportation, temporary importation). TFI consultants provided preliminary comments on the content portions of the first draft. The ca-trade website is now up, with portions of the integrated tariff; the website is ready to receive the ITG content, once it has been completed by the CCA, and approved by TFI. A meeting is scheduled for		
Oct 2003	<p>According to the agreement made with the Customs Control Agency of the Republic of Kazakhstan for development of the International Trade Guide (ITG), TIF has arranged and directed the first meeting of the ITG working group on October 3, 2003 in Astana. The ITG working group consists of TFI (3 people), the Customs Control Agency (5 people), OSCE (1 person), PSP (1 person) and the regional trade association from Uralsk (1 person). The group members discussed and approved the intended content of the ITG that was developed in September by TFI staff, and officials in the Customs Control Agency.</p> <p>It was agreed to describe first 5 customs regimes most widely used in Kazakhstan, i.e. import, export, transit, temporary importation, temporary exportation and preliminary operations. The first version of ITG is expected to be developed by the CCA officials by the end of November. The private sector "InCom" company has started developing the integrated tariff according to HS nomenclature based on our pilot. Financial support for development of the ITG will be rendered by the Organization for Security and Cooperation in Europe (OSCE). Negotiations were delivered and the agreement was reached with the World Bank to finance series of the ITG presentations on the oblasts/regional basis once the text version of the document is ready.</p> <p><b>It was agreed to have the second meeting of the ITG working group end of November to evaluate the first version of the document.</b></p>		
Sep 2003	By the end of September, about 60% of the work on the ITG for Kazakhstan has been completed. Once the ITG for Kazakhstan is completed, we will create the ITG's for Kyrgyzstan, Uzbekistan and Tajikistan using the same model and most likely the same private sector partner. This will allow us to significantly reduce the HR and time resource costs for the ITG development, as working separately on four Guides simultaneously would be more expensive and less productive		
<b>Metrology, Accreditation, Standardization &amp; Quality (MAS-Q)</b>			
<b>No.</b>	<b>Benchmarks</b>	<b>Start Date</b>	<b>End Date</b>
<b>RMASQ 01</b>	<b><i>Establish a Regional Technical Cooperation Body for Central Asia</i></b>	<b><i>1-Jun-03</i></b>	<b><i>1 Sep 03</i></b>
<b>Description</b>	<b><i>The Gosstandards of Central Asia are relatively small and do not have full government operating budget support, thus it makes no economic sense for each to establish redundant capabilities and facilities. By having a regional MAS-Q cooperation, the Gosstandards will be able to share resources. Technical integration will permit the countries to save resources and access additional resources from international organizations. It will also facilitate greater technical harmonization, in turn facilitate trade among the countries.</i></b>		
<b>Month</b>	<b>Status &amp; Comments</b>		
Nov 20 03	Second CAC-MAS-Q meeting was held in Almaty, November, delegates from the 4 Central Asian countries approved and adopted By-laws Technical committees have elected chairpersons; each committee has developed planned activities, and set priorities. The Chairman of Gosstandard, Abelgazy Kusainov, presided as the host country; he was extremely positive and supportive of the CAC and its importance to the countries in the region .		

Oct 2003	Proposed By-laws have been have been drafted for review and adoption by the General Assembly – 1 <sup>st</sup> review will be held Nov 24-25, next CAC meeting		
Sep 2003	The Gosstandards from Kazakhstan, Kyrgyzstan, Uzbekistan and Tajikistan have signed agreement that formalizes the establishment of the Central Asian Cooperation on MAS-Q		
<b>No.</b>	<b>Benchmarks</b>	<b>Start Date</b>	<b>End Date</b>
<b>RMASQ 02</b>	<b><i>Establish international recognition and acceptance of the Central Asian MAS-Q Cooperation (CAC-MASQ)</i></b>	<b>1 Aug 03</b>	<b>30 Nov 03</b>
<b>Description</b>	<b><i>One of the primary goals of the CAC- MASQ is to achieve international recognition and acceptance from other international MAS-Q regional organizations as well as international bodies such as the International Organization for Standardization (ISO), the International Laboratory Accreditation Cooperation (ILAC), and others. Recognition and acceptance will lead to establishing</i></b>		
<b>Month</b>	<b>Status &amp; Comments</b>		
Nov 2003	<p>The CAC delegates have agreed that a “Road Map” to achieving mutual recognition is needed, EN will develop detailed Road Map and submit to the CAC for consideration and implementation, draft to be provided at next meeting .</p> <p>The Uzbek delegation presented a report on their participation in the annual meeting of the “International Organization for Legal Metrology” (OIML) –held in Japan ( USAID provided funding for this trip)- Impression, the report was well received, this was first time a Central Asian country participated in an OIML meeting. There were many questions from the delegates.</p> <p>The Chairman of Gosstandard, Kazakhstan presented a report on their participation in the ISO General Assembly meeting held in Argentina. This was also was a first for Central Asia. During the meeting, Gosstandard had separate meeting with officers of ISO including the General Director, he indicated that he would like to visit Central Asia in summer (2004) and participate in regional meeting.</p> <p>EN made presentation on his visit to CENAM, (Gosstandard of Mexico) CENAM has offered to consider a MOU with CAC to provide technical assistance and have technical metrology staff of the regional Gosstandards be trained in Mexico.</p>		
Oct 2003	<p>The CAC will apply for regional membership to ILAC and IAF</p> <p><b>Organization, technical committees formed, officers elected. E. Nemeroff has been appointed “technical Advisor, S. Zhanaidovia has been appointed Executive Secretary, and maintains the Office of the Secretariat. Proposed logo’s and material have been created, will be presented to General Assembly at Nov meeting.</b></p>		
Sep 2003	<b>No Activity to report this month</b>		
<b>No.</b>	<b>Benchmarks</b>	<b>Start Date</b>	<b>End Date</b>
<b>RMASQ 03</b>	<b><i>Achieve mutual recognition for the accreditation of laboratories in accordance with the "International Laboratory Accreditation Cooperation" (ILAC) requirements</i></b>	<b>1-Jun-03</b>	<b>31-May-04</b>
<b>Description</b>	<b><i>In addition to legislative changes, The Gosstandards in the region will need to adopt and implement an internationally-recognized MAS-Q infrastructure. This will require certain institutional reforms, most notably the transition of certain Gosstandards from that of a regulatory and enforcement agency into a non-regulatory standards and metrology institute that provides technical services that are required by industry, thus market driven. This includes professional development of qualified specialists in various MAS-Q fields.</i></b>		

Month	Status & Comments		
Nov 2003	<p>Calibration of the Boeing equipment has been completed; all instruments have been inventoried and tagged with USAID logo stickers. This equipment has been transferred to the US Navy to be prepared for shipment to Central Asia. Shipment expected to arrive in Bishkek first half of December, equipment will be stored at Kyrgyzstandard—arrangements have been made, MAS-Q team will allocate and distribute to the Gosstandards of the region. Navy equipment on schedule, expect 1<sup>st</sup> shipment late Feb. Training in the use of the equipment will be scheduled at that time.</p> <p>Kyrgyzstanard is well into the transisition plan developed by the MAS-Q team. They have established a procedure for determining what products will require mandatory certification. This will lead to a published list of products that will be covered by a technical regulation, products not on the list will not require certification.</p>		
Oct 2003	<p>Formal contracts have been signed between Pragma and Boeing and the Navy. Expect to receive 1<sup>st</sup> shipment of equipment early Decæmber – estimated value 350-400 thousand. Part one training in the use of donated metrology equipment will commence late December after arrival of equipment. Based on our recommendation, Kyrgyzstan has established a National Comittee on Codex by interagencies Order #111 that signed by Min. of Agriculture, Min. of Health and KS.</p>		
Sep 2003	<p>Kyrgyzstan: Kyrgyzstandard has started implementing the transition plan provide by the MAS-Q team, to date, this month they have:</p> <ol style="list-style-type: none"><li>1. Accepted/adopted the ISO "Code of Good Practice" and provided official notification to the WTO</li><li>2. By written order of the Director, 184 mandatory standards concerning terminology and testing methods had been eliminated and 6039 mandatory standards have been made voluntary.</li><li>3. By written order of the Director, a team consisting of members of the major departments of Kyrgyzstandard and Pragma has been formed to develop a "Market Survey" to determine the needs of private and public sector organizations in the area of MAS-Q . Kyrgyzstandard, based on the results of the survey will proceed with the development of services, development of technology and support needed to improve product quality and reliability, modernize manufacturing processes to facilitate rapid commercialization and international market acceptance of Kyrgyzstan goods and services. A draft survey has been completed.</li><li>4. A inventory of human resources has been developed, i.e.: database of all employees, detailing education, experience, are of specialization etc.</li></ol> <p>Uzbekistan - Uzstandard has been provided with recommendation plan for developing and implementing a MAS -Q system that will be internationally recognized. We are expecting their comments and remarks by mid October.</p>		
Association Development			
No.	Benchmarks	Start Date	End Date
RA 01	Develop a set of Reduction of Trade and Investment Constraint (RTIC) training and implementation materials	1 Sept 03	30 Nov 03
Month	Status & Comments		
Nov 2003	<p>In November, TFI continued preparation of final drafts of the management manual, evaluation criteria and tools, a description of the complete partnership program, a model contract, and evaluation documents. The drafts are now completed and will be reviewed at a management</p>		

	meeting during the first week of December and finalized to begin use in the year.		
Oct 2003	In preparation for the Forum of Entrepreneurs, TFI created a brochure outlining the partnership program goals and activities and giving interested parties a means by which they can apply. More than two hundred copies of the booklets were distributed at the Forum in Astana.		
Sep 2003	Various responsibilities have been assigned to collect, categorize, and format existing working materials. Materials of interest include: Process Maps, analysis, recommendations, success stories, project workbooks, cost/benefit analysis.		
<b>No. RA 02</b>	<b>Benchmarks</b> <b><i>Evaluate, select and conclude partnership agreements with 8 associations (partners) to implement RTIC efforts</i></b>	<b>Start Date</b> <b><i>01 Sept 03</i></b>	<b>End Date</b> <b><i>31 Mar 04</i></b>
<b>Month</b>	<b><i>Status &amp; Comments</i></b>		
Nov 2003	Follow-up site visits were conducted to those oblasts where Associations expressed interest in the Partnership Program. Visits were conducted in Karaganda, Petropovlask, Koostenai, Aktau, and Rdder, Semei, Aksu and Zirionov. Evaluations will be tabulated and a plan for going forward will be decided upon in December.		
Oct 2003	Through interviews with partners and other associations, the cities of Petropovalisk, Karaganda, and Kostanai have been identified as potential partner sites. In addition, Semei, Ridder, Zrionov, Aksu, and Ikibastus have requested more information on the partnership program. Evaluation visits will take place in November. An agreement was signed with the Association of Entrepreneurs of Atyrau and work began with the installation of Pragma's Atyrau based consultant inside the Association.		
Sep 2003	Meetings held with all RIC Oblast staff to discuss outcomes of Aktobe and Astana to date. The program is discussed at length with consultants and several issues are studied in depth by staff including selection criteria, measurement criteria, small city program and others.		



## KYRGYZSTAN (KG)

### Reduction of Investment Constraints (RIC) - Kyrgyzstan

No.	Benchmarks	Start Date	End Date
<b>KG RIC 01</b>	<b><i>Adoption and implementation of amendments to the law on Normative Legal Acts</i></b>	<b><i>1-Jun-03</i></b>	<b><i>31-May-94</i></b>
<b>Description</b>	<i>The absence of administrative and law drafting procedures that require justification, impact analysis and review and comment by non-governmental parties for certain regulatory acts is the cause of many investment constraints and the excessive level of government regulation of business activities. Administrative and regulatory reforms are now conditions of a World Bank credit and a World Bank grant is available for implementation, the terms of which have been drafted jointly by the World Bank and the TFI. The tasks under this benchmark are in line with those in the grant and the credit and should provide the TFI substantial leverage and support in achieving the benchmark. The work will initially address only improved procedures for acts originating in the Government (Cabinet). Focus will later shift to implementing improved procedures for Parliamentary and Presidential acts.</i>		
<b>Month</b>	<b>Status &amp; Comments</b>		
<b>Nov 2003</b>	<p>The requirement for 60 days review and comment of regulatory acts (decision of the 2003 Investment Summit) was included in the Concept of Deregulation being drafted by TFI and the Secretariat. This will also include the development of workable mechanisms to ensure that this requirement is both helpful to businesses and useful to Government. This item will also be raised by the International Business Council (IBC) at the next meeting of the Consultative Council in December 2003. Efforts to work directly with the Ministry of Justice on this item have so far proved unsuccessful.</p> <p>An order of the State Tourism Committee requiring licenses, certifications and professional standards for a variety of tourism-related services and professions was abolished due to the effort of TFI and a working group under the Matrix. This was helped by a Regulatory Impact Analysis of this act performed by a team of private sector experts working with a World Bank consultant. The analysis indicated the negative impact this act was having on tourism and its likely impact on growth in the industry.</p>		
<b>Oct 2003</b>	<p>Ministry of Justice has transferred responsibility for implementation to deputy minister Mamirov from deputy minister Alymbaev which has delayed the start of this work. TFI expects to begin this work in November and complete it by the end of the year.</p> <p>TFI Osh proposed to form a working group with representatives from the Osh Mayor's office and Osh Governor's office to study the procedures of adopting normative legal acts in Osh City and Oblast and to propose new procedures to ensure compliance with the National Law on Normative Legal Acts and to also ensure that proposed laws that would create investment constraints would be identified and eliminated prior to adoption. Both the Mayor and Governor have agreed to participate in the working group, which will begin work in November.</p> <p>CBA/BCTP/CASE presented a grant proposal for carrying out RIA in select sectors. TFI will review the proposal in November. The website proposal was also formally presented in October and should begin in November.</p> <p>The introduction of basic RIA will be introduced as part of the President's policy on Deregulation now being prepared under Matrix IV</p>		
<b>Sep 2003</b>	No activity to report this month		

No.	Benchmarks	Start Date	End Date
<b>KG RIC 02</b>	<b><i>Prepare amendments to legislation to eliminate remaining illegal permits and to institute a unified policy on permitting of business activities.</i></b>	<b>1-Jun-03</b>	<b>31-Dec-03</b>
<b>Description</b>	<b><i>Licenses and permits and their authorities are granted through a variety of legal acts that violate the Constitution of the KR and the stated policies of the President. As such, this benchmark strives to remove contradictions in the legislation and establish a unified policy on permitting business activities and create greater transparency in the process.</i></b>		
<b>Month</b>	<b>Status &amp; Comments</b>		
Nov 2003	Efforts to introduce a unified Register of Permits consistent with law and the President's policy were set back in November by a decision of the Prime Minister to restore a number of permits to the Register and to maintain the existing Register in addition to the one being proposed. This contradicts the requirements of the Matrix and directly contravenes the President's Decree No. 100. The TFI working group under the Commission on Deregulation will readdress this issue in its Concept paper and the IBC will raise the issue at the Consultative Council meeting in December 2003.		
Oct 2003	Working group on Deregulation was formed as was the subgroup that will deal with the issue of licensing. Also, to date, amendments to 30 of the 51 laws that need to be aligned with the law On Licensing have been approved by Parliament and signed by the President since their submission in summer/fall 2002. A Matrix working group identified and submitted protests against several permits of the Tourism Committee and began a study of the Ministry of Health; the Government's Economic Policy Council (EPC), with the help of TFI and the Secretariat, reviewed and later sent back several regulatory proposals that violated the LNLA and the President's decree No. 100. Subworking group was formed and initial work plan developed. Oct. 2003: Subworking group was formed and initial work plan developed.		
Sep 2003	No activity to report this month.		
No.	Benchmarks	Start Date	End Date
<b>KG RIC 03</b>	<b><i>Complete a draft and promote the adoption of a law On Protection of the Rights of Businesses During Government Inspections</i></b>	<b>1-Jun-03</b>	<b>31-May-04</b>
<b>Description</b>	<b><i>At present, there exist no criteria or rules governing the conduct of inspections by government bodies. Therefore, it is difficult to determine what constitutes a lawful or unlawful inspection. Furthermore, inspecting bodies do not, as a rule, have rules and procedures governing their inspections. A new law would help better define inspections, the rights of parties and lead to new procedures for each inspecting body</i></b>		
<b>Month</b>	<b>Status &amp; Comments</b>		
Nov 2003	Initial concept on Inspection reform was completed in November and will be submitted to the Committee on Deregulation at its next meeting in December 2003.		
Oct 2003	Working group formed. A draft concept on Deregulation policy was developed and reviewed and will be approved in November and will form the basis for reforms in inspection policy.		
Sep 2003	Task was included in the 4th Investment Matrix approved Sep. 3, 2003 by the President. Working groups will begin working in October.		

<b>Metrology, Accreditation, Standardization &amp; Quality (MAS-Q)</b>			
<b>No.</b>	<b>Benchmarks</b>	<b>Start Date</b>	<b>End Date</b>
<b>KG MASQ 01</b>	<b><i>Completion and adoption of a draft law On the Fundamentals of Technical Regulations that meets the requirements of WTO.</i></b>	<b><i>1-Jun-03</i></b>	<b><i>31-May-04</i></b>
<b>Description</b>	<b><i>The establishment of an internationally-recognized MAS-Q infrastructure requires the proper legislative base that complies with the requirements of the WTO/TBT/SPS. The fundamental piece of legislation required is that establishing the legal requirements in the area of Technical Regulations. This benchmark shall require a law that is WTO compliant, creates an environment for less product regulation, eliminates overlap among government ministries and simplifies conformity assessment procedures for businesses.</i></b>		
<b>Month</b>	<b><i>Status &amp; Comments</i></b>		
<i>Nov 2003</i>	TFI Working Group completed the final draft of the law On Technical Regulations and submitted it to the President's Administration for review. A draft Presidential Decree designed to introduce the law in Parliament was also prepared. An analytical abstract of the law is also being prepared for deputies. TFI was told that Deputy Prime Minister Otorbaev will represent the President and introduce the law to Parliament in December. An article by Ed Nemeroff detailing the MAS-Q reform program in Central Asia appeared in the November issue of the journal Law & Business.		
<i>Oct 2003</i>	Additional amendments made to the draft law prior to the National Forum but work will conclude in November. TFI, together with the Secretariat, conducted a National Forum on Technical Regulation with the participation of the President A. Akaev, deputy Prime Minister D. Otorbaev and members of the government, parliament and the private sector. The President used the Forum to officially announce the policy of reform in technical regulation and that he has agreed to introduce the draft law On Technical Regulation to Parliament before the end of the year.		
<i>Sep 2003</i>	No activity to report this month		
<b>No.</b>	<b>Benchmarks</b>	<b>Start Date</b>	<b>End Date</b>
<b>KG MASQ 02</b>	<b><i>Prepare implementing legislation required to carry out the main provisions of the law On the Fundamentals of Technical Regulations</i></b>	<b><i>1-Oct-03</i></b>	<b><i>31-Mar-04</i></b>
<b>Description</b>	<b><i>The TR law will come into force 6 months after its adoption. During this time it will be necessary to develop draft legislation to implement key provisions of the law and begin the transition to a new MAS-Q structure.</i></b>		
<b>Month</b>	<b><i>Status &amp; Comments</i></b>		
<i>Nov 2003</i>	Work under this benchmark has been pushed forward as the draft law On Technical Regulations was only completed this month. Further assistance with this work will also be provided by a World Bank consultant whose procurement has also been delayed until early 2004.		
<i>Oct 2003</i>	No activity to report this month		
<i>Sep 2003</i>	No activity to report this month		

No.	Benchmarks	Start Date	End Date
<b>KG MASQ 03</b>	<b><i>Have a reform and transition plan for Kyrgyzstandard consistent with modern practices adopted by the Government of the KR</i></b>	<b>1-Jun-03</b>	<b>31-May-04</b>
<b>Description</b>	<b><i>In addition to legislative changes, the transition to an internationally-recognized MAS-Q system will require certain institutional reforms, most notably the transition of Kyrgyzstandard into a non-regulatory standards and metrology institute and the development of qualified specialists in various MAS-Q fields.</i></b>		
<b>Month</b>	<b><i>Status &amp; Comments</i></b>		
Nov 2003	Needs Assessment questionnaire was changed again in November to incorporate additional comments from Ed Nemeroff and will be finalized in December. Initial pilot of the survey will be given to EDP clients in Bishkek in January 2004. Interministerial order signed by Kyrgyzstandard, Ministry of Agriculture and Ministry of Health establishing the National Committee on Codex Alimentarius (world food standards). First meeting held in November where it was decided Kyrgyzstandard would be the enquiry point.		
Oct 2003	Report supplied to Kyrgyzstanard on recommended MAS-Q Infrastructure transition consistent with modern practices. Implementation of the infrastructure transition plan of Kyrgyzstandard commenced, we have first report from Kyrgyzstandard detailing activities. Needs assessment questionnaire improved and survey/seminars planned for November-December. Improvements made to the website and new content added.		
Sep 2003	No activity to report this month		
<b>World Trade Organization (WTO) – Kyrgyzstan</b>			
No.	Benchmarks	Start Date	End Date
<b>KG WTO 01</b>	<b><i>Reestablish and support the Inter-ministerial Commission on Coordination of WTO Issues under the Government of the Kyrgyz Republic and strengthen its ability to identify and eliminate areas of non-compliance and reduce constraints to trade.</i></b>	<b>1-Jun-03</b>	<b>31-May-04</b>
<b>Month</b>	<b><i>Status &amp; Comments</i></b>		
Nov 2003	TFI experts provided assistance to members of the Kyrgyz government in preparation for working group meetings with Kazakhstan regarding Kazakhstan's accession to WTO. During three days of meetings all problems were discussed and the Kyrgyz representatives reiterated their opposition to signing Kazaksstan's protocol without resolution of the major trade issues, namely transit through Kazakhstan for Kyrgyz transporters. TFI experts also prepared comments to proposed changes to the law On Customs Tariffs pointing out that proposals to introduce certain safeguard, anti-dumping, and countervailing duties measures violate provisions of the WTO and local legislation. Additional assistance was provided to METI in preparing the answers to questions from the U.S. regarding the Customs Union, within the framework of consideration of the regional trade agreement at the WTO Committee on Regional Trade Agreements.		
Oct 2003	3rd meeting of IC briefed members and the private sector on results of Cancun Ministerial, approved amendments to the law On Licensing to introduce the notion of "automatic licensing" as required by WTO and submitted recommendations on the draft Customs Code. IC agreed not to sign the protocol on Kazakhstan's accession to the WTO until transit issues have been satisfactorily resolved.		
Sep 2003	Action plan approved by the MFTI. Several tasks were also included in the 4th Investment Matrix.		

<b>KAZAKHSTAN</b>			
<b>Reduction of Investment Constraints (RIC) - Kazakhstan</b>			
<b>No.</b>	<b>Benchmarks</b>	<b>Start Date</b>	<b>End Date</b>
<b>KZ RIC01</b>	<b><i>Reduce constraints associated with tourism</i></b>	<b><i>1-Jun-03</i></b>	<b><i>31-Dec-03</i></b>
<b>Description</b>	<b><i>The primary constraint still associated with tourism are the requirement for certification of currently non-existing standards and issuance of letters of invitation. If the requirements for certification are not lifted, The Tourism Association will look to establish voluntary standards. Letters of invitation are one more obstacle that tourists must overcome to travel to Kazakhstan.</i></b>		
<b>Month</b>	<b><i>Status &amp; Comments</i></b>		
<b>Nov 2003</b>	TFI continued to work with the Tourism association on changes to the visa regime that would permit tour companies to operate more freely. An order permitting citizens of 27 countries to purchase visas at the airport without a letter of invitation is pending and should be issued in December.		
<b>Oct 2003</b>	With the assistance of P ragma Corporation, The Tourism Association presented its recommendations to the Forum of Entrepreneurs in Astana.		
<b>Sep 2003</b>	No activity to report this month.		
<b>No.</b>	<b>Benchmarks</b>	<b>Start Date</b>	<b>End Date</b>
<b>KZ RIC02</b>	<b><i>Reduce constraint associated with statistics reporting</i></b>	<b><i>1-Jun-03</i></b>	<b><i>1-Jun-03</i></b>
<b>Description</b>	<b><i>Statistics reporting is a lengthy process requiring submission of duplicate data. Pragma will assist associations and the National Statistics Agency to streamline the forms. Pragma will also examine the possibility of electronically submitting statistics</i></b>		
<b>Month</b>	<b><i>Status &amp; Comments</i></b>		
<b>Nov 2003</b>	Continued work on the reporting forms and also monitored one stop legislation that could be relevant for electronic data exchange.		
<b>Oct 2003</b>	As a result of recommendations, a single period of submission will be set for all forms of statistical reporting. In the work plan of the Agency and Department of Statistics for 2004 it is foreseen to unify the periods of submission of the reports on the form #2 – ? ? and the attachments to it (the Agency's letter # 03-1a-6-3/138 as of 28/08/03 and Expert Council Protocol #2 as of 23/09/03). This new rule will start functioning from January 2004. (benefits – the accepted change will allow entrepreneurs to save time on 4-5 days).		
<b>Sep 2003</b>	<b><i>Almaty currently lacks any zoning laws or regulations. Decree 1313 establishes a guideline in which zoning can be established.</i></b>		
<b>No.</b>	<b>Benchmarks</b>	<b>Start Date</b>	<b>End Date</b>
<b>KZ RIC04</b>	<b><i>Reduce constraints associated with pharmaceutical inspections</i></b>	<b><i>1-Jun-03</i></b>	<b><i>31-May-04</i></b>
<b>Description</b>	<b><i>Pharmaceutical licensing is currently done in Astana despite the presence of licensing boards in each of the Oblasts. In 1999, these boards were set up to decentralize the process, however the Ministry of Health never completed the decentralization process.</i></b>		

Month	Status & Comments		
Nov 2003	No activitiy to report		
Oct 2003	With the assistance of Pragma Corporation, The Pharmaceutical Association presented its recommendations to the Forum of Entrepreneurs in Astana.		
Sep2003	No activity to report this month.		
No.	Benchmarks	Start Date	End Date
KZ RIC 05	Create Infrastructure for Electronic Governance	1-Jun-03	31-May-04
Description	Kazakhstan is 3 years ahead of Russia and 5+ years of other Central Asian Countries in its level of development of its legal infrastructure for E-governance. Pragma will support the implementing regulations and train government officials on the potential for interacting with SME's via the internet.		
Month	Status & Comments		
Nov 2003	The processed of drafting and commenting was delayed due to organizational changes at the Agency. Work should pick up again after the New Year.		
Oct 2003	Pragma comments on the rules for licensing the activity of verification of conformity of open digital signature key, as well as verification of registration certificate authenticity. Pragma Corporation and the Committee on Informatization have assisted key participants in the private sector to form an association of IT firms. This association will serve as a counterpart to government e-commerce initiatives		
Sep 2003	No activity to report this month.		
WORLD TRADE ORGANIZATION (WTO) - Kazakhstan			
No.	Benchmarks	Start Date	End Date
KZ WTO 01	Provide assistance and training for Kazakhstan's accession to WTO	1-Jun-03	31-May-04
Description	The GOK is providing some signs that WTO membership is becoming a higher item on its agenda. This may be due to Kazakhstan's efforts to join trade unions with Russia and Ukraine. WTO accession requires sound revision to law and greatly increase to foreign and local businesses		
Month	Status & Comments		
Nov 2003	Kazakhstan provided continuing support for the preparation of a draft Technical Regulations Law. Also, TFI provided support for the WTO department on the definition of "legal services." Finally, TFI met with Vice Minister Aitzhanova and discussed the TA needs of the ministry – especially in the area of Intellectual Property. We will work on developing a joint work plan to support review of the system for WTO compliance. A plan should be prepared in December.		
Oct 2003	No activity to report this month.		

Sep 2003	Pragma Corporation participated in a seminar hosted by the Department of WTO Accession in Atyrau to brief businesspeople about the progress towards accession and its meaning for the business community. This is part of the WTO Department's program to improve citizens' knowledge of the WTO, its accession process, Kazakhstan's progress, and the impact on businesses and consumers in Kazakhstan.
----------	---

## TAJIKISTAN

### Reduction of Investment Constraints

No.	Benchmarks	Start Date	End Date
<b>TJ RIC 01</b>	<b><i>Establish a transparent and efficient business registration system</i></b>	<b><i>1-Jun-03</i></b>	<b><i>31-Mar-04</i></b>
<b>Description</b>	<b><i>A new business registration law was recently enacted in Tajikistan but there are no implementing regulations or reformed procedures to insure that it is properly implemented. TFI and the Ministry of Justice will work to insure that the reforms are implemented to create an efficient and transparent business registration process.</i></b>		
<b>Month</b>	<b><i>Status &amp; Comments</i></b>		
<b>Nov 2003</b>	<p>November 37.03. Two officials from the Ministry of Justice and the Ministry of Revenues, who are members of the Working Group on development of the new regulations, attended the Legislative Drafting training in Almaty organized jointly with the ARD/Checchi, USAID/Commercial Law Reform Project. Participants learned basic principles of the legislative drafting process and trained on practical application of these principles.</p> <p>November 03. Written and oral inputs to the draft regulations on registration were received from the Ministry of Finance, Ministry of Revenues, Statistics Committee, and Ministry of Interior. Based on these inputs initial draft regulations were developed by the Ministry of Justice. Project team has received the draft and is currently working on reviewing the draft. The first impression is that the draft is still doesn't improve the coordination among the relevant bodies.</p>		
<b>Oct 2003</b>	<p>October 17.03. First meeting of the Working Group on development of the new regulations on business licensing was organized jointly by the Ministry of Justice and TFI. Participants were from the Ministry of Justice, State Statistics Committee, Ministry of Revenues, Ministry of Finance, Ministry of Interior, representatives of business associations and USAID/Bearing Point. Tasks of the working group, its calendar plan of activities, and analysis of the existing registration system prepared by TFI, structure of the proposed registration regulations were discussed. Based on inputs by the participants Ministry of Justice and TFI will prepare a first draft of the registration regulations and distribute it for further comments. Next meeting of the WG will be held before the end of November 03.</p> <p>October 17.03. Roles and concerns of each of the agencies involved in the registration process also were discussed at the first meeting of the Business Registration Working Group and participants have agreed that each will prepare memo/input describing their role and submit it in writing to the Ministry of Justice by the end of October. Ministry of Justice and TFI will draft the business registration regulations with an aim of accommodating their concerns and at the same time streamlining procedures for the benefit of the businesses</p>		
<b>Sep 2003</b>	No activity to report this month.		



No.	Benchmarks	Start Date	End Date
<b>TJ RIC 02</b>	<b>Adoption and implementation of the new Law On Licensing of Business Activities</b>	<b>1-Jun-03</b>	<b>1 May 03</b>
<b>Description</b>	<b>Current business licensing regime is regulated by individual ministries and agencies on their own discretion and extremely burdensome for businesses. New legislation on business licensing is aimed at reducing number of activities subject to licensing and streamlining the license issuance procedures and making it more transparent.</b>		
<b>Month</b>	<b>Status &amp; Comments</b>		
<b>Nov 2003</b>	<p>Five meetings of the Parliamentary Working Group on the draft Law on Licensing were conducted with participation of the TFI representative. As a result the draft law was revised, <i>inter alia</i> to cut the number of activities subject to licensing, decreased the time frame for consideration of the applications, established unified implementing regulations to be developed. Also, transition provisions were included that excludes current license holders from re-obtaining licenses under the new law until their current terms expire. Licensing requirements for the activities not included in the new law will automatically eliminated.</p> <p>The draft law was considered at the first reading at the joint meeting of all the parliamentary committees and all the committees signed off to the draft to be considered and adopted at the session at large. It is expected that the new law will be adopted in December 2003.</p>		
<b>Oct 2003</b>	Work is underway with the Committee on Energy, Industry, Construction and Communications of Majlisi Oli (Parliament) on a draft Law On Licensing of Certain Types of Activities. TFI representative is integrated into the Committee working group on the draft Law on Licensing. At this point we have been able to successfully push for elimination of a number of activities from the list of activities subject to licensing within the format of meetings between the Committee members and the representative of the Legal Department of the President's Office. It is expected that the law will be adopted in November 2003.		
<b>Sep 2003</b>	No Activity to report this month.		
No.	Benchmarks	Start Date	End Date
<b>TJ RIC 03</b>	<b>Draft and Promote a New Foreign Investment Law</b>	<b>1-Jun-03</b>	<b>1 May 03</b>
<b>Description</b>	<b>The current legal base for foreign investment is inadequate to attract meaningful foreign investors. The law will be reformed as part of the preparation of a better legal and regulatory framework to support expanded trade and investment.</b>		
<b>Month</b>	<b>Status &amp; Comments</b>		
<b>Nov 20 03</b>	Discussed the issue of inclusion of drafting a new law on investments into the legislative drafting plan of the government for the first half of 2004 with the representative of the Antimonopoly Committee. Review of the current Foreign Investment Law is underway.		
<b>Oct 2003</b>	October 03. Prepared draft analysis of the investment policy/legislation in Tajikistan. It describes responsibilities of various governmental bodies in the area of investment policy development and implementation, provides the economic data on foreign investments into Tajikistan. The report also lists provisions in the legislation on guarantees, privileges and restrictions, which applicable to foreign direct investments into Tajikistan.		

	October 03. Met with Mr. Davlatmurod Jumae v from the Tajik Antimonopoly Agency and discussed the issues of developing new investment legislation. He expressed his view of the new legislation, that the new law on investments should be equally applied to both foreign and domestic investors. It was agreed that the TFI would prepare review of the current Foreign Investment Law and provide it to the Antimonopoly Agency. Then, if agreed, Anti-monopoly Agency could initiate the new law on investments.		
Sep 2003	No activity to report this month		
<b>No.</b>	<b>Benchmarks</b>	<b>Start Date</b>	<b>End Date</b>
<b>TJ RIC 04</b>	<b><i>Cross border trade zones are established and functioning in Soghd oblast</i></b>	<b><i>1-Nov-03</i></b>	<b><i>1 May 03</i></b>
<b>Description</b>	<b><i>On September 29, 2003 the Government of Tajikistan adopted a resolution #429 On Establishing Near-Border Trade Zones with Uzbekistan and Kyrgyzstan. These Zones are mainly located in Soghd oblast. Proper implementation is necessary to ensure that it help to facilitate cross-border trade.</i></b>		
<b>Month</b>	<b><i>Status &amp; Comments</i></b>		
Nov 2003	Met with Deputy Governor of Soghd oblast and Representative of the Ministry of Economy and Trade in Soghd oblast to discuss the issues establishment and functioning of these zones. Ministry of Economy and Trade jointly with the Ministry of Revenues are in the process of developing new regulations regarding these zones. TFI will receive the draft regulations for review beginning of December 2003.		
<b>No.</b>	<b>Benchmarks</b>	<b>Start Date</b>	<b>End Date</b>
<b>TJ RIC 05</b>	<b><i>Eliminate illegal fines established by Tajikstandard.</i></b>	<b><i>1-Aug-03</i></b>	<b><i>1 May 03</i></b>
<b>Description</b>			
<b>Month</b>	<b><i>Status &amp; Comments</i></b>		
Nov 2003	Case filed against Tajikstandard by the Panshambe Market Association. The issue is the same as the previous case. 300 members of the Association were fine 100 Somonis for noncompliance. Case was filed at the beginning of November.		
Oct 2003	With Pragma's assistance, a local tailor won a court case against Tajikstandard. He was fined 100 Somonis for not having a certificate of services. There is an administrative law which sets the fine at 5 Somonis. The tailor won the case in the lower court and Tajikstandard appealed. Tajikstandard lost its case in the High Economical Court and was also fined. The tailor first came to Pragma in June of 2003 and the final court decision was issued in October 2003.		
Sep 2003	No activity to report this month		
<b>No.</b>	<b>Benchmarks</b>	<b>Start Date</b>	<b>End Date</b>
<b>TJ RIC 06</b>	<b><i>Identify and reduce at least one constraint related to trade with Afghanistan</i></b>	<b><i>1-Sep-03</i></b>	<b><i>1 May 03</i></b>
<b>Description</b>	<b><i>Changes in Afghanistan provide for new opportunities in trade and economic cooperation between Tajikistan and Afghanistan. It is</i></b>		

	<b><i>necessary to foster dialog between businesses and governments of both countries and identify/remove barriers to increased trade.</i></b>
<b>Month</b>	<b>Status &amp; Comments</b>
Nov 2003	The Tajik-Afghan workshop planned to be held on December 2, 2003 was postponed to a later date to be identified. This was due to communication difficulties between Afghan Embassy in Dushanbe and Kabul and officials in Kabul were not informed on time leaving no time for obtaining visas and other logistical issues.
Oct 2003	<p>TFI team is collecting all the agreements that exist between Tajikistan and Afghanistan that create legal basis for trade and economic relations between the two countries. This is to identify what agreements are lacking and if the existing agreements being implemented properly.</p> <p><u>October 03.</u> Jointly with USAID/EDP and OSCE working on organizing workshop "Tajik-Afghan Trade in a Security Perspective". Had coordinating meeting with Torbjorn Bjorvatn, Senior Economic Affairs Officer of the OSCE Center in Dushanbe. TFI's technical input would be on the issues related to current obstacles to increased trade between Afghanistan and Tajikistan. The workshop is planned to take place on December 2, 2003 in Dushanbe.</p> <p><u>October 03.</u> Prepared report on the trip of Bahtior Turaev, TFI customs assistant, to Afghanistan. The report describes the situation on the road Dushanbe-Nijny Pyanj-Kunduz-Kabul with respect to issues of administrative, transport, border and customs procedures that traders face in trade between the Republic of Tajikistan and Afghanistan. The car that was kindly provided by Afghan entrepreneur Sulton Mukhammad Paivand, who is the Manager of the «??rvon» company registered in the Republic of Tajikistan.</p>
Sep 2003	Bahtior Turaev, TFI's customs assistant, conducted road trip from Dushanbe to Kabul and back to study barriers on the road.

### **World Trade Organization (WTO) – Tajikistan**

<b>No.</b>	<b>Benchmarks</b>	<b>Start Date</b>	<b>End Date</b>
<b>TJ WTO 01</b>	<b><i>Adopt a Customs Code compliant with WTO and Amended Kyoto principles</i></b>	<b><i>1-Jun-03</i></b>	<b><i>31-May-04</i></b>
<b>Description</b>	<b><i>The adoption of a Customs Code that is compliant with WTO requirements and Amended Kyoto principles is the foundation for a sound customs system and essential to support Tajikistan's WTO accession. TFI will work with Tajik customs, businesses and other government agencies to adopt a new code.</i></b>		
<b>Month</b>	<b>Status &amp; Comments</b>		
Nov 2003	No activity to report this month. Expect to receive the first draft Customs Code in Russian in December 03.		
Oct 2003	October 03. The Working Group under the Ministry of revenues is drafting the new Customs Code of Tajikistan. It was agreed with the Chairman of Customs that TFI would translate the Code into English once the first Russian version is finalized. TFI is coordinating its assistance efforts in this issue with other donors. In particular, it was agreed with the World Bank that they would provide short-term consultant to review the Code once the Working Group finalizes it – by the end of November 03. The review will also include Customs Code compliance with the WTO customs related requirements		
Sep 2003	No activity to report this month.		

<b>No.</b>	<b>Benchmarks</b>	<b>Start Date</b>	<b>End Date</b>
<b>TJ WTO 02</b>	<b><i>Establish a WTO information center in the Ministry of Economy</i></b>	<b><i>1-Jun-03</i></b>	<b><i>31 Jan 04</i></b>
<b>Description</b>	<b><i>The Ministry has established a permanently staffed WTO center in the Ministry but it is not set up to col lective, archive and disseminate the information needed to serve as the WTO information point. TFI will establish the Information Center as part of the commit made in the MOU</i></b>		
<b>Month</b>	<b><i>Status &amp; Comments</i></b>		
<i>Nov 2003</i>	No Activity to report this month		
<i>Oct 2003</i>	No Activity to report this month		
<i>Sep 2003</i>	No Activity to report this month		
<b>No.</b>	<b>Benchmarks</b>	<b>Start Date</b>	<b>End Date</b>
<b>TJ WTO 03</b>	<b><i>Replies to questions posed by countries-members of the WTO Working Party on accession of the Tajikistan prepared and submitted to the WTO Secretariat</i></b>	<b><i>1-Jun-03</i></b>	<b><i>31-May-04</i></b>
<b>Description</b>	<b><i>As required by the accession procedures and aimed at clarifying the trade regime of Tajikstan</i></b>		
<b>Month</b>	<b><i>Status &amp; Comments</i></b>		
<i>Nov 2003</i>	<p>The Tajik Interministerial Commission on Accession to the WTO (Commission) is currently working on preparing answers to the U.S. questions. The Ministry of Economy and Trade (MET) has assigned each question to relevant ministries and agencies to prepare draft answers. Jamshed Sharipov from MET is to provide TFI with the draft answers as soon as replies from the respective ministries are received and compiled. TFI expects to see a draft mid December 03.</p> <p>So far TFI has worked on questions related to intellectual property issues being prepared by Tajikpatent. TFI met with the Tajikpatent team and explained each question and discussed possible answers. Tajikpatent redrafted answers as a result of the review and comments and has submitted them to the MET.</p>		
<i>Oct 2003</i>	US questions were received by the Tajik Government and distributed among the relevant ministries and agencies.		
<i>Sep 2003</i>	Replies to EC and Australia questions were prepared and submitted to the WTO. WTO Secretariat distributed the answers among the WTO Working Party members.		

No.	Benchmarks	Start Date	End Date
<b>TJ WTO 04</b>	<b>Three pieces of legislation enacted for WTO compliance</b>	<b>1-Jun-03</b>	<b>31-May-04</b>
<b>Description</b>	<b>Compliance with the WTO legal requirements is mandatory for becoming a member</b>		
<b>Month</b>	<b>Status &amp; Comments</b>		
Nov 2003	The Law on Amendments to the Law on Foreign Economic Activities were adopted by the parliament and pending signature by the President. These Amendments eliminate registration requirement for engaging in foreign economic relations, therefore, permission from the MET is no more required to engage in exporting or importing and all other foreign economic relations. It is seen as a very positive step in further liberalizing foreign trade, however, the Law still has the provision that authorizes the MET to stop the foreign economic activity for vague reasons.  Draft Laws “On Inventions” and “On Industrial Designs” are pending in Parliament.		
Oct 2003	October 21.03. Discussed coordination of efforts on the issue of new Tax Code compliance with the WTO requirements with Bearing Point Fiscal Reform Project. Provided Bearing Point with a memo describing non-compliance of the existing Tax Code with the WTO Most Favored Nation Treatment principle. The existing Code contains provisions allowing different method of application of VAT on imports from certain countries, whereas WTO requires equal treatment for imports from all countries. This memo was intended to support Bearing point’s work over the new draft Tax Code of Tajikistan and could be used to push for changes necessary to ensure compliance of the new Code with WTO requirements.		
Sep 2003	No activity to report this month		
<b>Metrology, Accreditation, Standardization &amp; Quality (MAS-Q)</b>			
No.	Benchmarks	Start Date	End Date
<b>TJ MAS-Q 01</b>	<b>Create necessary public support for reform of Tajikstandard</b>	<b>1-Nov-03</b>	<b>31-May-04</b>
<b>Description</b>	<b>There is a lack of political will within Tajikstandard. Therefore, it is necessary to create support among wide circle of government officials, parliament members and private sector in order to initiate reforms.</b>		
<b>Month</b>	<b>Status &amp; Comments</b>		
Nov 2003	As indicated in the Memorandum of Understanding between the U.S. and the Government of Tajikistan, Tajikstandard committed to establish a working group to develop a new law on technical regulation in Tajikistan that will replace the existing laws that are not compliant with WTO Agreements on Technical Barriers to Trade and Sanitary and Phytosanitary Measures. However, Tajikstandard has been reluctant to implement its commitment and the working group has not been established to date. During a meeting on November 11, 2003, the Chairman and members of the Parliamentary Committee on Industry and Energy indicated that they are willing to take the initiative to draft and push a new Technical Regulations Law modeled on the Law TFI helped developed in Kyrgyzstan, because they see the current system as a major barrier to the growth of businesses in Tajikistan. TFI will be working this Committee and other relevant government bodies to develop a law and explain the benefits of reform in the area of MAS-Q.		

## UZBEKISTAN

### World Trade Organization (WTO)

No.	Benchmarks	Start Date	End Date
<b>UZ WTO 01</b>	<b><i>Review, recommend, propose amendments to, and pass critical legislation for WTO Compliance.</i></b>	<b><i>1-Jun-03</i></b>	<b><i>31-May-04</i></b>
<b>Description</b>	<b><i>In order to accede to WTO a country must have legislation that is WTO compliant. TFI has been asked to assist the Uzbeks draft amendments to their legislation in the areas of Standards, SPS, IP, Customs, Legal Entities Registration. TFI intends to identify additional legislation that needs to be made WTO compliant in the course of its work with the technical working groups, TFI's assistance will consist in aiding the working group members to identify this legislation and possible solutions to achieve WTO compliance. TFI intends to additionally assist with the actual drafting and formulation of recommendations.</i></b>		
<b>Month</b>	<b>Status &amp; Comments</b>		
Nov 2003	<p>TFI has worked with GOU topic specific working groups to formulate responses to the ACC 8 on SPS and TBT. The intent is to use this process to structure a substantive work plan for WTO compliance in these subjects and input for the legislative agenda. TFI intends to reproduce this process with other working groups in other topics, using either checklists or questions from the Accession Working Party Members.</p> <p>On November 17, TFI participated at the GOU assigned TBT working group meeting. The meeting was held at Uzstandards and conducted by TFI Standards Experts Ed Nemeroff and Svetlana Zhanaidarova together with WTO Advisor Alfredo Suescum and Legal Advisor Umida Khaknazar. The TBT checklist update was identified as a short term goal. Establishing the Enquiry point according to the TBT agreement was identified as a long term goal as well as undertaking certain processes required by the TBT Agreement. It was established that the time frame for the TBT checklist to be updated should be no longer than 60 days. The actual drafting and technical work should be implemented by the group of technical specialists determined by Uzstandards and led by TFI TBT Expert. It was agreed to have the next working group meeting on December 22 where a workshop on TBT will also be held by TFI experts for the members of the GOU TBT working group. It was identified, that the current TBT checklist is not in compliance with WTO standards, neither is TBT Draft Law. There were specific points and major clarifications made by TFI Experts on the TBT Checklist and the Draft Law that should be taken into account by the Uzstandards members of the working group.</p> <p>On November 18, TFI held SPS working group meeting. The meeting was held at the Agency of Foreign Economic Relations. The format of the meeting was similar to that of TBT meeting that took place a day earlier. SPS Checklist update was identified as a short term goal. Establishing the SPS Enquiry point was identified as a long term goal. The time frame of 60 days was set up as a period during which the technical group within SPS working group should be working closely with TFI SPS Experts on updating the SPS Checklist. It was agreed to hold the next meeting on December 22 (together with TBT working group) in order to conduct a workshop on SPS for the members of both groups.</p> <p>It should be noted, that there is a clear lack of understanding on the part of the members of the working groups (both SPS and TBT) about the requirements contained in SPS and TBT agreements. The mandate given to the working group seems to be very limited to merely providing</p>		

	<p>recommendations to the government, rather than actually operating as a technical group of experts whose conclusions should be the basis for future government actions, which may include either introducing legislative changes (adopting new laws or amending old ones) or allocating budgets for certain procedures (for instance establishment of the enquiry points, or hiring new staffs, etc.) In many ways, such a perception is being imposed on the members of the working groups by the representatives of the Agency of Foreign Economic Relations, that confine their work to simply filling out the boxes in the respective checklists. TFI Experts attempted to explain to the members of both working groups, that their role should be far beyond simply filling in blanks in the checklists, and should result in substantive program of action for the government to take concrete steps in the direction of reforming the areas of standards, that is essential for creating acceptable environment for the development of an open trade regime.</p>		
<b>Oct 2003</b>	<p><b>October 2003 Reviewed legislation on TBT and SPS and prepared a list of amendments needed to comply with WTO standards. General recommendations provided with regard to the Draft Law on Technical Regulations and SPS legislation</b>  <b>Conducted the first working group meetings for SPS and TBT. Met with the members of the working groups, identified major targets for the agenda of the next working group, distributed all the material prepared by the Pragma SOS/TBT experts on legislative changes and other comments. TFI WTO Expert Alfredo Suescum drafted a proposal for the GOU on the organization of the WTO accession and implementation process, where identified the important of establishing a working level negotiations team and a working group that would be fully involved with the Uzbekistan's WTO accession process</b>  <b>A final draft for adoption will be complete following the next working group meetings in November. The plan for introduction to the Parliament for amendments should be discussed.</b></p>		
<b>Sep 2003</b>	September 2003. Dale Torrence, Customs Expert arrived to Uzbekistan. Made general recommendations on the Concept Paper elaborated by the Uzbek Customs. Submitted his recommendations to the Uzbek Customs.		
<b>No.</b>	<b>Benchmarks</b>	<b>Start Date</b>	<b>End Date</b>
<b>UZ WTO 02</b>	<b>Establish a WTO linformation Center</b>	<b>1-Jun-03</b>	<b>31 Jan 04</b>
<b>Description</b>	<i>If the Government will establish a permanently staffed technical secretariat to support Uzbekistan's WTO accession as we anticipate, TFI will set up an information center for internal government support and to provide a link to Geneva.</i>		
<b>Month</b>	<b>Status &amp; Comments</b>		
Nov 2003	No activity to report this month.		
Oct 2003	No activity to report this month.		
<b>Sep 2003</b>	Analyze equipment needs and technical needs and develop a plan for the information center		
<b>No.</b>	<b>Benchmarks</b>	<b>Start Date</b>	<b>End Date</b>
<b>UZ WTO 03</b>	<b>Provide technical support and training for WTO accession</b>	<b>1-Jun-03</b>	<b>31-May-04</b>
<b>Description</b>	<i>There are specific areas where the government of Uzbekistan has asked for assistance. TFI will provide technical assistance and support as needed.</i>		
<b>Month</b>	<b>Status &amp; Comments</b>		

Nov 2003	<p>GOU requested for assistance in ACC forms that were already submitted to WTO Secretariat, such as ACC 8, ACC 9. Senior WTO Advisor met with the delegates in Geneva of Uzbekistan's recently opened mission to the WTO, and advised on working procedures and establishing relationships with the other missions. TFI has been reviewing the GOU answers to WTO questions and activated two working groups on SPS and TBT to update the checklists on ACC 8 ( for SPS and TBT.) The next target is to activate a working group on Intellectual Property in order to update the ACC 9 checklist and review questions from Accession Working Party Members with the appropriate GOU officials. This work involves training Uzbek officials in how to analyze the checklists and questions, identify issues and formulate responses.</p> <p>The work on Negotiation Training initially planned for December and requested by GOU s being suspended due to GOU failure to appoint a Negotiation Team for which the Negotiation Training should be held. A Customs Valuation Seminar, to have been organized with WTO Specialists, and the assistance and financial backing of TFI was postponed indefinitely when the GOU was unable to commit to a date. TFI hopes to reschedule for the future dates.</p> <p>At the request of Uzbek Customs for technical assistance, TFI sponsored participation of two representatives of Uzbek Customs for participation at the Risk Management Seminar in Almaty and two representatives of Uzbek Customs at the Customs Broker Seminar in Bishkek.</p>		
Oct 2003	<p>Identified major areas where legal compliance should be achieved. The sectors include: Intellectual Property, SPS/TBT, TRIMs (Investment legislation), Textiles, Agriculture. Separately from the sector compliance, additional consultations and recommendations are requested on tariff concessions with Uzbekistan's major WTO negotiations partners.</p> <p>The work on negotiations training is being conducted. Tentatively scheduled for December. Preliminary agenda is drafted. Anticipate GOU establish a negotiations group within the government that would be the main audience for the training. Experts from TFI are identified.</p> <p>Translation for various GOU docs is provided on a regular basis by TFI. The latest was the Foreign Trade Regime paper prepared by the Agency to include into the FTM.</p> <p>In coordination with Associations group of the EDP and RIC group of the TFI in Fergana Valley, there is a coordination efforts by TFI in order to generate information from private companies and associations. TFI also participated at the ITC held World Web Net event, directed toward promoting private businesses participation in the process of WTO accession by providing information to businesses about the tariff schedules and products data for all WTO member countries.</p>		
Sep2003	Met with Vice-Prime Minister Ganiev. Discussed further plans for cooperation, including the GOU's actions on creating the working groups and provide the time schedule for the next meetings where the TFI experts could participate.		
<b>No.</b>	<b>Benchmarks</b>	<b>Start Date</b>	<b>End Date</b>
<b>UZ WTO 02</b>	<b>Implement negotiating task force</b>	<b>1-Sep-03</b>	<b>31 Jan 04</b>
<b>Description</b>	<b>The Uzbek accession process to WTO has been mostly dormant for the last several years. This has been due to a large extent to inefficient organization of accession related work. USAID has contacted AFER to suggest an improved organization of the accession</b>		



	<b><i>work and AFER has agreed. TFI has been charged by USAID to improve the organization used by the GOU.</i></b>		
<b>Month</b>	<b>Status &amp; Comments</b>		
Nov 2003	Senior WTO Advisor Alfredo Suescum drafted a proposal on Organization and Implementation of WTO Accession process for the GOU, where proposed to establish a task force for implementation of the WTO accession. The task force would incorporate existing GOU governmental structures, such as the Interagency Commission, and various WTO topic working groups to ensure mutual consultation and efficient organization of accession related work. The proposal also calls for a permanent Negotiating Team to drive and organize day to day tasks, related to WTO accession. The task force organization proposal was submitted to the attention of the Agency of Foreign Economic Relations on October 30, although the recommendation to set up a Negotiations Team has been repeatedly stated during several meetings with AFER and TFI Senior WTO Advisor and USAID representatives for the past three months. However, no action has been made yet by the GOU on this recommendation. It was reported by the Agency that the draft list with the names of the negotiators has been produced, but no final approval for its establishment has been made so far. TFI has recommended that these and other items be placed for decision on the agenda during the next Interagency Commission meeting to be held in December. There was a notice on holding the Interagency Commission meeting on November 15, right after the return of Senior WTO Advisor from Geneva, however, it was postponed indefinitely.		
Oct 2003	The Task Force organization proposal has been drafted by Senior WTO Advisor Alfredo Suescum.		
<b>Sep 2003</b>	No activity to report.		
<b>No.</b>	<b>Benchmarks</b>	<b>Start Date</b>	<b>End Date</b>
<b>UZ WTO 02</b>	<b>Hold Bilaterals and Second Working Party Meeting</b>	<b>1-Sep-03</b>	<b>01 Apr 04</b>
<b>Description</b>	<b><i>Successful bilateral meetings with WTO members and substantive results in Working Party meeting are essential for moving forward with the Uzbek accession process and insuring the good will of WTO members during the process. Good results require good preparation. This includes an informal preparatory contacts with WTO members and the proper preparation and submission of required documentation ( ACC forms) and the answers to WTO member countries questions. The content of the documents and answers should be satisfactory enough for the WTO member countries in order to schedule the next Working Party Meeting. Therefore, TFI has been assisting to the GOU on reviewing and preparing required documentation and answers to the WTO member countries questions.</i></b>		
<b>Month</b>	<b>Status &amp; Comments</b>		
Nov 2003	By activating working groups on SPS and TBT, TFI has been assisting in preparation of ACC-8 checklist. TFI has organized informal meeting with the WTO Secretariat and delegates of the European Commission in Geneva. TFI has continued to review the GOU answers to WTO member countries questions.		
Oct 2003	The work on SPS and TBT checklists has been started. Continuing working on the GOU answers to WTO member countries questions.		
<b>Sep 2003</b>	Continuing working on the GOU answers to WTO member countries questions.		

## **ATTACHMENT 2**

***Report: “PROPOSAL FOR THE JOINT ADMINISTRATION  
OF THE KORDAI-AKJOL BORDER POST”***

## **PROPOSAL FOR THE JOINT ADMINISTRATION OF THE KORDAI-AKJOL BORDER POST**

Republic of Kazakhstan and Kyrgyz Republic authorities have agreed to introduce Joint Administration of the main border post on the Bishkek-Almaty road. The Joint Administration of the Kordai-Akjol border post will be introduced as soon as joint administrative procedures can be worked out and agreed upon.

The objective of establishing joint administration of this, or any other border post, is to introduce simplified import, export, entry and exit procedures in order to reduce clearance times, and improve the flow of inbound and outbound travelers and traffic. Joint administrative procedures must be agreed between the two administrative authorities, [and should be in accordance with the standards and recommended practices of the revised Kyoto Convention for the Simplification and Harmonization of Customs Procedures.

1. This proposal calls for Government-to-Government Cooperation (not just customs to customs; other agencies are involved).

2. Joint Administration pertains to better SERVICE for the movement of goods, people and conveyances (cars, truck, donkey carts, and pedestrians). More effective administration can be dealt with separately, in due course (e.g., Risk Management techniques).

First and foremost, the administration of the border post by both Governments must be coordinated. Interagency coordination is fundamental to the successful introduction joint administrative procedures.

The USAID Trade Facilitation and Investment Project has been asked to provide recommendations on the development of joint procedures for the processing of travelers, vehicles, and goods.

The successful introduction of joint administrative procedures at Kordai-Akjol, will serve as a model for other border posts between the two countries, and hopefully for other border posts in the Central Asia region.

### **Principles for Efficient and Effective Joint Administration**

First, to the extent possible, the processing of commercial vehicles and commercial import-export transactions should be separated from the processing of travelers, passenger vehicles and non-commercial transactions.

It does not make any sense either in terms of effectiveness for administration and enforcement, or service, to process huge commercial trucks in traffic lanes with buses, passenger sedans and donkey carts.

Second, the flow of traffic should be directed in straight lines in each direction, without vehicles or persons crossing over lanes in the processing procedures, or making any abrupt turns, which can slow down or encumber the flow. There should be no parking in any of the through lanes.

It is critical for efficient processing to have an unimpeded flow of traffic and persons in the two directions. When vehicles are obliged to stop for administrative processing of goods or persons, there should be temporary stop or parking areas that do not result in the remainder of traffic being blocked or require movement in a direction that is other than forward. Further, when large commercial vehicles, buses or passenger cars are parked for administrative processing,

### **Constraints of the Current Infrastructure**

In an ideal situation, if joint processing of the Kordai-Akjol border post were planned well in advance of the introduction of joint procedures, the establishment of processing lanes and the construction of offices would be developed in significantly different ways to accommodate the joint procedures requirements.

The current infrastructure was developed to accommodate two *separate* processing administrations.

The current infrastructure and equipment for traffic and travelers is not ideal for the separation of commercial and non-commercial vehicles and transactions. The current office infrastructure is not ideal for joint administration.

However, the assumption is made in the development of these recommendations that:

1. The introduction of joint processing will *not* be delayed to build additional or new offices, another bridge, or extra processing lanes;
2. The current offices and infrastructure will be used by *both* administrations in the most ideal and suitable manner;
3. All legal issues governing joint administration will be dealt with in a “Memorandum of Understanding” or “Protocol” between the Governments of both countries. For example, Article 434 of the new Customs Code calls for the CCA to appoint Customs Control Zones and provided the authority for the persons permitted be in, or work in such zones; and,
4. Current procedures concerning the processing of all commercial shipments, vehicles and persons will be maintained in order that the joint processing can be assessed, with the eventual goal of further streamlining current procedures (such as, for example, the elimination of commercial export declarations in both directions, by using the respective import data from the other country’s database).

It is under these assumptions that this proposal is developed and presented to both the Kazakhstan and Kyrgyz authorities.

## **Organization of Recommendations in This Proposal**

The recommendations in this proposal are organized to deal first with the flow of vehicular and traveler traffic from the Kyrgyz Republic to Kazakhstan.

Secondly, the proposal will deal with the flow of all traffic from Kazakhstan to the Kyrgyz Republic.

### **Recommendations: Exports & Exit from the Kyrgyz Republic – Imports & Entry into Kazakhstan**

#### **1. Commercial Traffic and Goods**

It is recommended that commercial vehicles be separated from the remainder of the traffic flow at the point from which this photograph was taken.



**Akjol, Kyrgyz Exit Processing**

Commercial vehicles, including trucks departing the Kyrgyz Republic and entering Kazakhstan under TIR Carnet or other transit procedures, as well as import shipments into Kazakhstan, be segregated and directed to the right lane, towards the current Kyrgyz Customs office building (see the next photo).



**Kyrgyz Customs Office, Akjol**

All commercial vehicles shall be directed through this entry, around to the right of this office building, to the parking area at the left rear of the building. There is a large area that these trucks, regardless of size can be parked, pending the clearance procedures, which are proposed to be accommodated inside this office. It is proposed that white parking lines be painted on the parking area, so that the drivers will know where to stop their vehicles. The trucks will not have to turn around, or be directed across the flow of any traffic. They will be parked facing towards the exit, and so that they can move easily back into the flow of traffic (see recommendation below on separation of commercial vehicles from other traffic as it crosses the bridge).

This office has a small service counter area, with two service windows.

It is proposed that export declarations or other export documents be lodged with Kyrgyz customs officers at the service window on the right side as a person goes up the stairs and enters the building.

Having lodged the Kyrgyz export documents, the driver/declarants then lodges the import declaration or other import documents with the Kazakhstan Customs officers at the service window to the left side of the service area. Usually, trucks with commercial shipments are allowed to move onward from the border post under customs control for the processing of goods declarations and final clearance at an inland clearance terminal. It is proposed that this practice be continued for the present time.

It is proposed that Kyrgyz and Kazakhstan Customs officers be accommodated under the one roof for the joint processing of commercial documents. Of course, commercial drivers' passports and visa documents will also be processed in this office.

Once the clearance procedures have been completed and approval received for the vehicle to move forward into Kazakhstan territory, the trucks will move from the parking area, back to the roadway, and cross the bridge in the lane that is now closed.

It is proposed that the lane that is currently closed, be re-opened for the commercial traffic, and that this lane will be reserved for the commercial traffic, which has already received clearance from both administrations for departure from the Krygyz Republic and entry into Kazakhstan.

The radiation detection equipment will have to be moved from its current location, to the lane on the bridge that is now closed. All commercial traffic entering Kazakhstan will pass through this equipment on the bridge, or at the exit point from the bridge.

From here, we now have two options for the flow of commercial traffic:

1. The commercial traffic will re-enter the flow of other traffic under the covered area of the current Kazakhstan offices.
2. However, it would be preferable to re-open the barrier around the Kazakhstan offices, so that the commercial traffic will not be encumbered by the other traffic, which will be parked for the processing of travelers and non-commercial vehicles. It would be highly preferable to have the truck traffic move around the exterior of the Kazakhstan offices on the gravel road, back to the main road into Kazakhstan. This would require upgrading of the gravel road, which right now is disconnected in the middle; this would only require some earth moving and road grading equipment, would be inexpensive, and would not take long to complete.

## **2. Passenger Traffic – Persons and Vehicles**

It is proposed that the current flow of passenger vehicles, buses, motorcycles, donkey or horse carts, other non-commercial vehicles, *and* pedestrians in the direction of Kazakhstan, be maintained.

However, it is proposed that all such vehicles and persons would be processed by both Kyrgyz officials and Kazakhstan officials inside the current Kazakhstan hall, where currently only entries into Kazakhstan are processed.

Non-commercial vehicles would stop for the joint processing of immigration controls - of travelers' passports, visas and other travel documents, in the lanes adjacent to the office, just as they do currently.

Currently, only Kazakhstan processing of travelers entering Kazakhstan takes place inside the hall – see the photo below.



**Traveler Processing Area, Currently Used Only for Persons Entering Kazakhstan**





This proposal for joint processing would require a second row of these booths or kiosks. The first row of kiosks would accommodate Kyrgyz officers who will check the passports and immigration documents of travelers leaving the Kyrgyz Republic.

Then we would require a few tables or counters where the travelers would be able to complete the Kazakhstan immigration entry forms, in the area between the two rows of kiosks.

The second row of kiosks would accommodate Kazakhstan officials who are responsible for checking passports, visas and other immigration documents for entry of persons into Kazakhstan.

This proposal does not require any change in current procedures for traveler and non-commercial vehicle processing.

Once the both sets of immigration processes are completed, the travelers will exit the building and move forward (passengers in their vehicles, pedestrians on foot) into Kazakhstan.

### **3. Kyrgyz Border Guard Office**

It is proposed that the Kyrgyz Border Guards be given a small office inside the structure next to the kiosks where the Kyrgyz immigration officials will be working. The current trailer, which serves as the office for the Kyrgyz Border Guards, is rather inadequate for use as an office.

An alternative is to accommodate the Kyrgyz Border Guard inside the current location of the Kyrgyz Customs office shown in the photo on page 4.

A further alternative is to give the Kyrgyz Border Guard an office in lower (left side) level of the old Kazakhstan customs office.

## **Recommendations: Exports & Exit from Kazakhstan – Imports and Entry into the Kyrgyz Republic**

### **1. Commercial Traffic and Goods**

It is recommended that commercial vehicles be separated from the remainder of the traffic flow leaving Kazakhstan, at the point where the first barrier is currently located at the border post.

I propose that the concrete barriers (seen in the photo below) be moved to separate the two processing lanes, and to allow the commercial traffic to enter the stop zone (parking area) in front of the old Kazakhstan customs office.



**Blocked Right Lane, Exiting Kazakhstan, Kordai**

This is not a large area for parking, but the limited number of trucks departing Kazakhstan at any given time should be able to stop in this area for processing of commercial export and import documents and drivers' passports and visas, as required.

It is proposed that the commercial vehicles park in the area between the old Kazakhstan customs office (see the photograph below) and the main road thoroughfare, pending the joint clearance procedures. Here again, parking lanes can be marked on the pavement, in order to indicate where the trucks should stop, in order to facilitate the onward movement of the vehicles following clearance.



**Old Kazakhstan Customs Office, Kordai**

This old customs office is far from ideal for joint commercial processing operations, but it can be used in the following way.

The building is partitioned down the middle, which *can* be used to accommodate the joint commercial processing operations.

It is recommended that an office should be established on right side of the main floor for Kazakhstan customs officers to accept commercial export declarations and other export documents.

The left side of the main floor of the building should be arranged for use by Kyrgyz customs officers to accept commercial import declarations and other documents.

Normally, the truck traffic is moved under customs control onward to the Bishkek truck clearance terminal for customs declaration processing and final clearance, so final clearances do not normally take place at the border office in any event.

There is a large compound and storage warehouse for the temporary detention and storage of goods that belongs to the Kazakhstan administration. This facility is privately-managed by Keden Trans Service. It is proposed that this area and warehouse be available to both Kyrgyz and Kazakhstan administrations for the detention and storage of goods. The private manager should be able to arrange this, with the use of three locks, in accordance with the provisions of the Kyoto Convention (on lock belonging to the operator, one lock for Kazakhstan officials, and one lock for Kyrgyz officials).

Once the commercial vehicles and shipments are cleared for onward movement, they will be able to move forward, without backing up or turning, and they will have to rejoin the two-lane queue of other vehicles. This is regrettable, but there is no alternative, as there is no space, under current arrangements, for a separate commercial lane.

## **2. Passenger Traffic – Persons and Vehicles**

It is proposed that the current flow of passenger vehicles, buses, motorcycles, donkey or horse carts, other non-commercial vehicles, *and* pedestrians in the direction of the Kyrgyz Republic, be maintained.

However, it is proposed that all such vehicles and persons would be processed by both Kazakhstan officials and Kyrgyz officials inside the current Kazakhstan processing hall, where currently only exits from Kazakhstan are processed.

Non-commercial vehicles would stop for the joint processing of immigration controls - of travelers' passports, visas and other travel documents in the lanes adjacent to the office, just as they do currently.

The current Kazakhstan processing of travelers entering Kazakhstan takes place inside the hall – see the photo below.



**Current Kazakhstan Exit Processing Office, Kordai**

This proposal for joint processing would require a second row of these booths or kiosks. The first row of kiosks would accommodate Kazakhstan officers who will check the passports and immigration documents of travelers leaving the Kazakhstan.

Then we would require a few tables or counters where the travelers would be able to complete any Kyrgyz immigration entry forms, in the area between the two rows of kiosks.

The second row of kiosks would accommodate Kyrgyz officials who are responsible for checking passports, visas and other immigration documents for entry of persons into the Kyrgyz Republic.

This proposal does not require any change in current procedures for traveler and non-commercial vehicle processing. The customs x-ray machine and other processing booths can be moved closer to the exit end of the building.

It is possible that the retail food and drink counter may have to be removed from the building. Whether space can be provided for this food service inside the building under joint administration processing can be determined at a later stage. There still may be enough space for the food service, even if it has to be moved slightly.

Once the both sets of immigration processes are completed, the travelers will exit the building and move forward (passengers in their vehicles, pedestrians on foot) into the Republic of Kazakhstan.

### **3. Kazakhstan Border Guards and other Agencies**

It is proposed that the current office accommodation for the Kazakhstan Border Guard be maintained, where it is currently located.

It is proposed that the phyto-sanitary and veterinary, sanitary and epidemiological, and transport control inspectors be relocated into the office space at the rear of current Kyrgyz office building, where commercial documents will be processed under the joint administration proposal. This space is not very large, but it should be adequate for the number of staff from each agency to process commercial shipments and transactions.

If it is determined that it is necessary to maintain additional space for these agencies in the passenger processing building, then the current arrangements to accommodate the agency representatives at desks inside the office can be continued.

## **FUTURE INFRASTRUCTURE DEVELOPMENT**

Finally, it is recommended that proper plans be developed for the long-term expansion and improvement of the Kordai-Akjol border post, to better accommodate joint processing.

We explored the possibility of diverting all commercial traffic in both directions, for exit and entry processing to the border post at Karasu, which is approximately 12 kilometers from Kordai-Akjol (see photos below).



**Karasu Border Post**





**Karasu Kazakhstan Customs Office**

However, we have determined that this border post is too far from the main Almaty-Bishkek road, and therefore it would be impractical to oblige commercial traffic to use this route.

Alternatively, we would recommend development of detailed, comprehensive plans to upgrade the border offices at Kordai-Akjol. More suitable accommodation for the joint administration of both commercial and non-commercial traffic would obviously form an essential part of the plans. Expansion of the bridge to triple its current width should be an integral part of the plans.

The plans would have to take into account current traffic flows and volumes, as well as the requirements to accommodate projected flows and volumes for at least the next ten years.

## **ATTACHMENT 3**

*Memorandum: “Regional Risk Management Seminar”*

## Memorandum

**To:** Paul Pieper, Irene Burns, Kelly Seibold, Stephanos Orestis  
**From:** Douglas Cruickshank, Zhannat Rakhimzhanova  
**CC:** Gulnar Sultanalieva  
**Date:** December 22, 2003  
**Re:** Regional Risk Management Seminar, Almaty, November 12-14, inclusive

---

Over the last 3 years, TFI has been working with customs administrations in the region on modernization and simplification of customs procedures. The positive result of this work was introduction of the revised Kyoto Convention principles on risk management and risk assessment in the new Kazakhstan Customs code (effective, May 2003), and in the draft Customs Code in the Kyrgyz Republic.

As this is quite a new aspect in customs administration, the Customs Control Agency in Kazakhstan (CCA0 requested TFI for assistance in developing and defining the risk assessment criteria for businesses engaged in foreign trade.

To meet this request, TFI staff negotiated with the World Bank and the Eurasian Economic Community (EAEC) in Almaty on joint delivery of the Regional Seminar on Risk Management. The World Bank agreed to fund 100% of all costs associated with the Seminar. TFI provided the technical leadership. (See the seminar logo, which appeared on all seminar materials, below).

The seminar was held in Almaty on November 12-14, 2003 under the auspices of the EAEC Integration Committee, and was represented by Customs administrations of the EAEC member-states (Kazakhstan, Kyrgyzstan, Belarussia, Russia, Tajikistan); Uzbekistan attended as an observer.

The main idea of the seminar was to give the participants the opportunity to exchange experiences, information and views on the subject in order to develop Risk Management Conception to be adopted within the EAEC member-states, and then based on the Conception to develop their national Risk Management programs.

In his presentation on Risk Management in Customs Administration, Douglas Cruickshank provided information on international experience and practices, and explained on why the application of risk management principles is critical for modern customs administration. The presentation also contained examples of technical factors that should be taken into account when determining risk and making the decision to inspect a particular consignment.



Customs experts from the Russian Customs presented the Concept on the Risk Management System and the step-by-step development of the system in Russia. The Russian Concept was developed with assistance from the World Bank, in the context of a \$180 million Bank project for the modernization of Customs in the Russian Federation.

Surprisingly enlightened discussions took place following the TFI and Russian presentations. All delegations made presentations.

Under the leadership of the EAEC, it was recommended to hold a follow-up meeting February 2004. By that time, the EAEC working group on Risk Management is to take into consideration all the recommendations and suggestions raised at the seminar and to develop the final version of the EAEC Concept on Risk Management to be submitted to the next session of the EAEC.

The World Bank will finance the follow-up meeting.

TFI will cooperate further with the CCA on implementation of risk management system in Kazakhstan. Today there are already several companies that according to the decision of Consultative councils (in Astana) are included in the list of no risk companies.

## **ATTACHMENT 4**

### *Report on Afghanistan*

## **REPORT ON BUSINESS TRIP TO ISLAMIC STATE OF AFGHANISTAN**

USAID/Trade Facilitation and Investment Project/Tajikistan

Bahtior Turaev, Customs assistant

October, 2003

As part of the preliminary plan of Project activities to study the issues related to trade with Afghanistan, I conducted a business trip to Kunduz and Kabul, Afghanistan during September 17-22 in order to study administrative, transport, border and customs procedures necessary to conduct foreign trade activity between Republic of Tajikistan (RT) and Afghanistan.

We drove to all the way from Dushanbe to Kabul. The car that was kindly provided by Afghan entrepreneur Sulton Mukhammad Paivand, who is the Manager of the «? ?rvon» company registered in the Republic of Tajikistan. The trip included the following route Dushanbe – Nizhniy Pyanj – Kunduz – Kabul and back the same way. Mr. Paivand accompanied us during the whole trip and did all his best to make the trip successful.

Practical research was directed at finding out artificial administrative barriers upon custom registration and control as well as border control over goods and when crossing Tajik-Afghan border, and issues connected to transportation of goods via the territory of RT and Afghanistan.

### **Introduction**

After 20 years of war in Afghanistan the relative peace was set; world community and population of Afghanistan express hope that the peaceful process in the country is irreversible. The war has badly damaged the economy of Afghanistan; a lot of towns, factories, plants and transportation infrastructure are ruined (due to the visual examination about 70-80% of settlements are ruined and fell into decay starting from the border of RT and through the territory of 4 regions till Kabul).

Current post war period in Afghanistan is characterized as a period of political formation, economic revival and growth and requires big amount of investments and donor assistance. Central Asian countries should play special role for Afghanistan formation and development.

Afghanistan borders with three central Asian countries – Turkmenistan, Uzbekistan and Tajikistan. Tajikistan enjoys the special status among the other CA countries in its relations with Afghanistan. Common language, culture, traditions, extensive length of the mutual border, close political relations with the current interim government of Afghanistan inputs to confidence of Afghans to Tajiks. During the various meetings, representatives of Afghan government and Afghan entrepreneurs expressed their hope and adherence to close, active and effective economic cooperation between Afghanistan and the Republic of Tajikistan. Some of them expressed regrets that the economic relations of both countries are not stable and are not supported on the governmental level of RT and are rather chaotic.

RT shall conduct full review of its economic policy concerning Afghanistan. Post war Afghanistan with its great needs in goods and services is a potential and rapidly developing market for promoting exports of goods made in Tajikistan. Developing its policy aimed at increasing trade and economic relations with Afghanistan, RT can contribute to rebuilding and development of Afghan economy on the one hand and promote its own goods that are competitive in Afghan market.

Another major factor of a political and economical interest for landlocked Central Asian countries including Tajikistan is beneficial geographic location of Afghanistan, as it is located at the crossroads of trade routes of Central Asian States, Iran and Pakistan and important for transit to Indian Ocean. This represents great strategic importance for RT in development of its foreign economic relations on a global scale.

It is suggested that the Government of RT takes necessary measures to sign trade agreement with Afghanistan to establish basis of trade and economic relations with it, as well as agreements on the establishment of office of the trade representative, branch offices of the Ministry of Transportation of RT, branch office of the Ministry of State Revenues in the nearest future. It would also be useful if Chamber of Commerce and Industry jointly with the Ministry of Industry and other interested ministers and agencies of the RT backed up with the Ministry of Foreign Affairs and relevant state bodies of Afghanistan organizes an exhibition of Tajik goods in Afghanistan. Kunduz city of Afghanistan could be a good place to hold such an exhibition as it is the biggest city in the North-East of Afghanistan with a population of approximately 700 thousand and is closest to the border with RT (70 km.). Representative of the MFA of Afghanistan in Kunduz and Afghan entrepreneurs have the opinion that Tajikistan can increase its trade economic relations with northeastern part of Afghanistan as Tajikistan can be more competitive in this region than in other regions of Afghanistan. Mr. Nurullo Nurzod, Head of the Kunduz Regional Department of the Ministry of Foreign Affairs of Afghanistan said that his Ministry would support and create all conditions necessary for the holding of the exhibition and establishment of trade office in Kunduz. In addition, close to the Tajik-Afghan border, in Kumsangir region of Tajikistan there are big warehouses that can be used for storage and further transportation of goods to Afghanistan. Later similar exhibitions can be held in Kabul. These arrangements will increase the awareness of Afghan entrepreneurs of goods made in Tajikistan.

Thus, Afghanistan is a beneficial and long-term partner for the Republic of Tajikistan in political and trade economic relations, and current realities require the establishment of political, legal and organizational base for mutual beneficial cooperation.

### **Current situation**

Observations showed that legal and regulatory regime for trade with Afghanistan is prevailed by burdensome procedures. Since the TFI is beneficiary country is Tajikistan, we focused at the procedures concerning export of goods from Republic of Tajikistan to Afghanistan.

The following steps are to be done to fulfill trade transactions from RT to Afghanistan:

Obtaining Tajik or Afghan visas;

Registration as a participant of foreign economic activity (FEA) in the Ministry of Economy and Trade of RT (this requirement currently is in the process of elimination);

Purchase contract;

If goods intended for export fall under the list of goods established according to Regulation of the Government of RT ? 237 of 08.06.2001, contract should be conducted at the Tajik Universal Commodity Exchange or document indicating that the latter has reviewed the export contract;

Hiring truck to deliver goods;

Customs clearance and control at the terminals in Dushanbe or in Kurgan-Teppa;

Obtaining a license for implementing international automobile cargo transportation;

Customs and border control procedures at the border post of RT;

Customs and border control procedures at the Afghan side of the border.

### **Obtaining visas.**

Tajik Visa. Most afghan entrepreneurs consider the process of obtaining Tajik visas being one of the most difficult issues.

In order to get Tajik visa it is necessary to submit the application form along with the copy of the foreign passport and the letter from the Afghan organization sending the person on a business trip to the Tajik Embassy in Kabul or ship/mail all papers to the Ministry of Foreign Affairs of the RT in Dushanbe. For private persons invitation from the citizens or organizations of the RT would be required.

Official fees for issuance of Tajik visas vary from \$30.00 for a monthly visa to a \$300.00 for 1-year multiple entry visa.

Formally the process of getting visa is not complicated. Ministry of Foreign Affairs forwards the application to the Ministry of National Security and Ministry of Internal Affairs for their review and if there is no objection from them, MFA issues a visa. This process usually takes two weeks. In fact, for Afghan citizens it is more difficult to get a visa and it takes much longer. It takes approximately one month or longer and in majority of cases it is connected with unofficial payments. Afghans have told me that in order to get annual visa they pay \$600.00 to \$800.00 in addition to official fees. It should also be noted that in number of cases visas were not issued and the reasons for refusal were not provided.

Obtaining Afghan visa for Tajik citizens appeared to be a quite simple procedure. One-month visa will cost \$60.00 and takes couple of visits to Afghan Embassy in the RT and usually issued within one or two days. It is possible but more difficult to get a six-month multiple entry visa that requires solid justification. Documentary requirements are similar to that of a Tajik visa. This could probably be explained by a small number of applicants willing to visit Afghanistan and need for cash for the Afghan Embassy.

## **Registration as a participant of FEA**

Registration as a participant of a foreign economic activity is one of the significant barriers to all foreign trade and investment activities in the RT. Legal basis for this is established by the Article 5 of the Law of the RT “On Foreign Economic Activity”, according to which any foreign owned or domestic legal entities or physical persons and international organizations can engage in foreign economic activity only after registration as a participant of foreign economic activity with the Ministry of Economy and Trade (MET). Registration is valid only for one year and then it should be renewed every year.

The following documents shall be submitted to the MET for the registration:

Application;

Registration card form filled in three copies;

Document indicating statistical registration codes and information certified by the state statistics authorities;

Original or notary certified copies of the company charter;

For physical persons - notary certified copy of a registration certificate indicating right to engage in specific types of foreign economic activity;

Passport data for physical persons.

Registration by MET is conducted within 15 days.

For 2003 the following rates were established by the Regulations “On Collecting Payment for State Registration, Accreditation, Provision of Services and Visa Support for Subjects of Foreign Economic Activity” approved by the Order of the Minister of Economy and Trade on December 28, 2002:

Legal entities of the RT engaged in production activities (processing of raw materials, production of goods, building, provision of services and etc.) – \$100.00;

Legal entities of the RT not engaged in production activities – \$150.00;

Legal entities of the RT with foreign participation in its capital (joint-ventures) and fully foreign owned enterprises:

With a charter capital of less than \$500,000.00 – \$1000.00;

With charter capital of more than \$500,000.00 – \$2000.00;

Legal entities of RT working with foreign tourism – \$500.00;

Private entrepreneurs without establishment of legal entity – \$200.00.

For the yearly extension of the term registration – 50% of the fee for initial registration for legal entities and physical persons of RT, and 10 % of the initial fee for legal entities with foreign participation is required.

In our view this Law could just be repealed since the new Law “On State Regulation of Foreign Trade Activity” that covers similar issues was recently enacted. Besides, it should be noted that this additional registration as a participant of foreign economic activity contradicts the norms of the Civil Code of the RT. Legal entity is considered to obtain its legal rights to engage in business activities starting from the moment of registration as a legal entity. No other additional registration should be required to engage in foreign economic activities.

In fact, most of the afghan entrepreneurs have not passed such a registration, especially those who are involved in export and import of small consignment of

goods. Although entrepreneurs are required to provide FEA certificate to the customs authorities when clearing goods.

Currently Trade Facilitation and Investment Project is working together with the Ministry of Justice and other ministers and agencies to simplify the procedure of business registration and eliminate the requirement for registration as participant of FEA. Apparently, President Rahmonov expressed his support for elimination of this requirement during the Cabinet of Ministers meeting in September 2003.

### **Purchasing of goods in the Republic of Tajikistan**

During one of the meetings that i attended in Kabul, Afghan entrepreneur accompanying me to the trip reached an agreement on the delivery of timber from Tajikistan. The agreement was signed just after a half an hour negotiation. That is the evidence of confidence of afghan businessmen to their Tajik colleagues.

Trade deals on exports to Afghanistan are conducted freely. However, there are some restrictions in the process of purchasing some goods in the Republic of Tajikistan. The Decree ? 237of the Government of RT of June 8, 2001 established a list of goods that are to be sold for exports only through Tajik Universal Commodity Exchange. The list of such goods include:

<b>Description of goods</b>	<b>HS Code</b>
Products of vegetable origin (cotton fuzz)	1404
Tobacco and industrial tobacco substitute	24
Ore, scoria and ashes	26
Fluorine, chlorine, bromine and iodine	2801
Rare-earth metals	2805
Hydrate natrium (hydrate of sodium) and etc.	2815
Pharmaceutical products	30
Explosives	36023603
Raw skin (hide)	4101; 4102; 4103
Silk	50
Sheep's skin, thin and crude wool	51
Cotton	52
Natural and cultivated pearls, precious and semiprecious stones, precious metals, metals, clad with precious metals and products from them	71
Black metals and products from black metals	72-73
Cooper scrap and waste	7404
Nickel scrap and waste	7503
Aluminum products	76
Lead scrap and waste	7802
Isolated wires and cables and other isolated electric conductors with joining details or without them	8544

Commodity Exchange charges fee in the amount of 0.1 per cent of the sales contract total amount. Alternatively, purchase can be made outside of the Commodity Exchange but in this case the contract should be presented for review to the Exchange. For review, 0.1 per cent fee on sales contract total amount is also charged. The main purpose of the review is to ensure that the contract export prices are same as

Commodity Exchange prices. In fact, it seems that the Tajik Commodity Exchange prices aren't determined through free offer and demand, but rather fixed according to the prices at big international exchanges.

The Exchange contract or document certifying that the Commodity Exchange has reviewed the contract shall be presented to customs for clearance and registration. Apparently, it was not difficult to get exchange contract or the review document.

For export and import of alcoholic and tobacco products the license issued by "Khurokvori" Corporation on quotes defined by the Government of RT is required.

### **Custom clearance and control of goods and means of transport.**

There are documents that need to be collected before clearing goods with customs for export:

Obtain certificate of origin for goods from the Chamber of Commerce and Industry of the RT. Application, the invoice, or any other documents confirming the purchase of goods in RT shall be submitted. The certificate is usually issued the same day and the fee in the amount 0,1% from the cost of shipment.

Obtain the certificate of compliance in the Agency on Standardization, Metrology, Certification and Trade Inspection (Tajikstandard). This process includes providing Tajikstandard with the application, certificate of origin, invoice, and also for certain categories of goods - other certificates. For example, for agricultural products it is phyto-sanitary issued by the Ministry of Agriculture, thus representing an obvious duplication. Tajikstandard conducts laboratory tests and issues the corresponding certificate. Certificate is issued in about 3 days on average. Fee charged for issuance of the certificate is 12 somoni (\$4.00). Additional fee for review and tests varies depending on the type of the product. We were not able to obtain official rates, which are held in strict confidence. However, according to some of afghan entrepreneurs, they can get certificate of conformance from employees of Tajikstandard that are located at the Tajik-Afghan border post for 30 Somoni, without any tests or analysis! So the only thing that matters is the fee paid.

For customs clearance of goods for export one should apply to the specialist on customs registration (Declarant), located usually at custom departments, offices and posts. Declarant will then fill in Customs Cargo Declaration (CCD) based on the information provided by the applicant and submits them to customs. CCD along with other necessary documents is provided to customs border post upon exports. The cost of the blank CCD form is 13 Somoni.

Currently, there are no export duties maintained in Tajikistan. Only the fee of 0.15 per cent of the customs value of the shipment is charged for customs clearance.

In total, for custom clearance of exports/imports of goods the following documents are required depending on categories of goods:

Certificate of the FEA participant issued by the Ministry of Economy and Trade;  
Certificate of Origin of Goods issued by the Chamber of Commerce and Industry of the RT;



Certificate of Conformity of goods issued by Tajikstandard;  
 Quarantine certificate for agricultural products issued by State Quarantine Inspection under the Ministry of Agriculture of the RT;  
 Veterinary Certificate issued by the Veterinary Department under the Ministry of Agriculture of RT;  
 Passport of bank transaction on the guarantee of payments for the exported goods within 120 days according to the Decree of the President of RT #1249 as of 07.13.99. (In practice, this requirement is applied mostly to big exporters of cotton and aluminum;  
 Confirmation from the tax authorities that the sales tax on exports of cotton fiber and aluminum was paid;  
 License issued by the Ministry of Industry on export and import of precious, semi-precious metals, alloys, products from them, ores, concentrates, scrap and waste of precious metals, rare metals, rare-earth metals, raw material for production of alloys, jointing and products, according to the Decree of the Government of RT #88 as of 02.12.97;  
 Permission issued by the Ministry of Industry on export and import of precious and semi – precious stones according to the Decree of the Government of RT # 357 as for 08.07.97;  
 Quota and license issued by “Khurokvory” Corporation for export and import of alcohol production and tobacco according to the Resolution of the Government of the Republic of Tajikistan N 48 dated 19.02.99 and N 453 dated 27.10.99.  
 Permission issued by the Ministry of Health of the Republic of Tajikistan for exports or imports of medical product according to the Regulation of the Government of the Republic of Tajikistan N 258 dated 10.06.96;  
 Permission issued by the Ministry of Communication for the import of electronics and radio frequency equipment due to the Decree of the Cabinet of Ministers of the Republic of Tajikistan N 371 dated 01.08.94;  
 Expert opinion from the Tajik Universal Commodity Exchange in accordance with the Regulation of the Government of RT ? 237 as of 08.06.2001 “? n measures for promoting domestic goods to foreign markets” for exports of goods listed in the Regulation.

Goods and transport means transiting through the territory of Tajikistan is subject to customs escort. Three minimal salary (15 Somoni) per 10 kilometers is charged for customs escort. The legislation provides also for a possibility of taking deposits as a guarantee, but this has not been used, due to the absence of mechanisms.

When the goods and transportation arrive to customs post they are examined in order to control the conformity of goods and transportation to the data indicated in accompanying papers and declaration. Goods sealed by customs can also be examined if there are reasonable grounds to suspect a fraud.

### **Problems observed**

According to entrepreneurs engaged in foreign economic activity, the process of customs clearance and control in the RT is connected with unofficial payments forced by customs officials in almost every case.

The following is the case of the afghan entrepreneur who exported 4 tones of fabric from RT to Afghanistan.

He submitted invoice for 14200 meters of fabric purchased at the market in Dushanbe to the customs declarant (broker) for export clearance at the Dushanbe Customs Department. The declarant requested him to pay \$300.00 and assured him that he would get the customs clearance as soon as possible. With that amount paid customs clearance was finalized the same day.

In fact, the actual costs would be much lower. There are no export duties and only customs user fee clearance 0.15% from the customs value of goods shall be paid. Therefore, in this case the actual costs of the exporter would have been be the following:

Value of the exported fabric was 99,400.00 Somoni or \$31,556.00, and 0.15 % from this amount would account for \$47.00. Add costs of the declaration form and declarant's official fee would make it total of approximately \$60.00. So about \$240.00 – three times more than the official amount constituted unofficial payment.

When his cargo arrived to the customs border post at Nizhniy-Pyandzh, it was examined again. He was requested by customs officials another \$200.00 as unofficial payment. After negotiations customs officials has agreed to take \$30 US.

Besides customs, there are representatives of Tajikstandard, Association of International Transport Carriers of the RT "ABBAT", Ministry of Security of the RT, Drug Control Agency, Department for Fighting with Contraband of Customs are usually present during the examination. Representatives of veterinary, plant quarantine authorities are also located at the border post and involved when exporting agricultural goods and foodstuffs.

Afghan exporter had to pay \$20.00 to the representative of ABBAT for issuance of a license for conducting international automobile transportation of goods as well as 30.00 Somoni (\$10.00) to the representative of Tajikstandard for "certification", although there is no equipment except a pen and a stamp.

Lack of awareness of businessmen about the laws, regulations and procedures adds to creation of condition for corruption and customs procedures are rather complicated and require excessive unofficial payments. Other costs related to the procedures are described below.

In Afghanistan, importers/exporters shall obtain a permission to engage in foreign economic activity from the Ministry of Trade of Afghanistan in Kabul or from its Kunduz office. It is also necessary to receive an invoice pro-form in the Chamber of Commerce and Industry under the Ministry of Trade for each consignment of goods prior to importation. This procedure seems rather automatic and serves for information\statistical purpose. There are no quantitative of other limitations posed in connection with the pro-forma. However, upon actual importation compliance of the shipment with the pro-forma is required. There is a 10 per cent penalty on cost of the shipment that exceeds the amount indicated in the pro-forma. Pro-forma along with

invoice shall be submitted for customs clearance and the value of goods indicated in it serves as a customs value.

Customs registration procedures and control at the Afghan side of the border are rather simple. Officer at the border issues a hand-written letter indicating items imported and its quantity and an importer shall submit this letter to customs when clearing goods in Kabul or in Kunduz. It seems that customs control when entering Afghanistan is carried out only with respect to commercial cargo. Customs infrastructure and conditions for holding customs examination of cargo are absent on the border.

Physical persons and their cars carrying no cargo usually aren't subject to customs control. There is no currency control and personal search involved. No customs declarations for physical persons are required. For example, we were not registered with customs, when we crossed the border of Afghanistan. Only the border guards checked our visas and stamped our passports.

Goods imported via "Nizhniy Pyandj" are usually end up being cleared at Kunduz or Kabul customs houses. Afghan importers say that the process of customs clearance is not complicated from the point of view of time consumed and size of taxes.

According to the information we received from the Ministry of Trade of Afghanistan, HS coding of goods is not used in Afghanistan. This makes it difficult to maintain proper data on exports and imports. Ministry of Trade established customs tariffs on imports to Afghanistan, which contains items, rates of duty and unit base. Customs duty rates vary from 0 to 60 per cent. For example: cotton made products – 45 per cent; glass – 35 per cent; soft drinks – 60 per cent; electrical appliances – 4 per cent.

According to Chamber of Commerce and Industry of Afghanistan, food products, gasoline/oil and natural gas, construction materials, production equipment, as well as humanitarian aid entering Afghanistan are free from customs duties.

Customs Department is under the structure of the Ministry of Finance of Afghanistan is under the process of rehabilitation. There is lack of institutional capacities, technical equipment and buildings. Therefore, customs control is not implemented fully.

### **Issues of transportation**

Currently there are 4 border-crossing posts between Tajikistan and Afghanistan:

In Khatlon Oblast:

Nizhniy Pyandzh;

Kokul;

In Gorno-Badakhshan Autonomous Oblast

Khorog;

Ishkashim.

According to the Tajik International Automobile Transport Carriers – ABBAT, currently cargo carriages are implemented mostly via post in Nizhniy Pyandj. We crossed the border at this post as well.

The volume of cargo transportation via this post is not big and according to Tajik customs officers at the border, it has a tendency to decrease. According to the data of Nizhniy Pyandj customs post, the volume of cargo per month is approximately 400 – 500 tons. If we take into account the fact that the KAMAZ truck, which is a truck usually used, can deliver 10 tones that makes 40 – 50 cars per month or roughly 2 trucks per day.

Mainly timber, foodstuffs, humanitarian aid, gasoline/oil are exported from Tajikistan to Afghanistan. Mostly small businessmen, involved in small shipments, use this post. So this post plays small role in imports to Afghanistan. Goods are exported to Afghanistan from Central Asian countries and Russia mainly goes through the posts in Uzbekistan and Turkmenistan. Such situation is due to the following facts:

There is no railway connecting on the south of Tajikistan with Afghanistan, whereas, Uzbekistan and Turkmenistan have more developed system of railways capable of delivering more goods cheaper;

Nizhniy Pyandj is located away from the major markets and trade routes of Afghanistan, whereas Uzbekistan and Turkmenistan borders with bigger regions and cities of Mazari Shariff and Gerat;

Transportation infrastructure connecting Soviet Union with Afghanistan was built to provide main connections in Uzbekistan and Turkmenistan. Nijniy Pyanj was not intended to be the port of main transportation and was of a local character.

It should also be noted that there is no bridge over Pyanj River in place.

State border crossing in Nijniy Pyanj is implemented by the ferry through Pyanj river. The ferry is available 2 times per day depending on the number of vehicles and passengers. The ferry belongs to Tajikistan. The following fees are charged for using the ferry: \$25.00 per light vehicle, \$50.00 per trucks and \$10.00 per each passenger. If there is not enough number of vehicles or there is only one car or you can pay full amount of \$130.00. According to the head of the Tajik customs post ferry can carry about 160 tones of cargo.

So, crossing the river creates additional barrier in terms of time and money spent. US Government is going to build a bridge through the river in Nijniy Pyanj and at the end of October this year design works are planned to start. It is expected that the within 1.5 year the construction of bridge will be finished.

Tajik Customs Department in Nijniy Pyanj has a building where border control is implemented. Russian military border guards also use this building. There is no terminal or other facility to hold customs examination of goods and vehicles. There is only a plot not far away from customs department where customs control and other types of control take place under the tent.

In accordance with the Regulation of the Government of RT of September 12, 1998 united system of international transportation and forwarding companies was established, activities of which are coordinated by the Association of International Automobile Carriers - ABBAT. International transportation companies can also

become members of ? ? ? ? ? as well. Traders can use services of companies-members of ? ? ? ? ? to implement international transportation of goods.

The exporter can also use services of private truck owners of vehicles to deliver the cargo to Afghanistan. The cost of one truck to transport goods from Dushanbe to Kabul is about \$700.00-\$750.00. Besides, trader should also cover driver's \$60.00 Afghan visa. Usually there are two drivers for truck.

Such private truck owners shall obtain a license for the implementation of international transportation from ? ? ? ? ?. The following rates for issuance of the license are applied:

Period of validity License	1 month	3 months	6 months	1 year
Trucks with carrying capacity up to 5 tons.	\$12.00	\$30.00	\$55.00	\$110.00
Trucks with carrying capacity up to 10 tons.	\$20.00	\$50.00	\$80.00	\$140.00
Trucks with carrying capacity up to 20 tons.	\$28.00	\$70.00	\$130.00	\$200.00

Representatives of MFA of Afghanistan in Kunduz said that afghan vehicles are not allowed to enter the territory of Tajikistan via Nizhnij Pyanj. Though an ABBAT representative says that there is an Afghan transportation company that is the member of ABBAT and is allowed to enter Tajikistan. We did not see any trucks with Afghan plates during the trip on the roads of Tajikistan.

Distance between Dushanbe and Nijniy Pyanj makes up 200 km. It is another 400 km from there to Kabul. The distance between Nijniy Pyanj and Kunduz is 70 km. On the road between Dushanbe and Nizhnij Pyanj there are 5 permanent fixed posts of State Automobile Inspection (GAI). We also met 2 mobile posts: on entrance to Kurgan-Tyube and between Kumsangir rayon and Nizhnij Pyandj.

Each truck is stopped at every post for checking documents for truck and cargo. According to traders they should pay unofficial payments, the size of which vary from 5 to 40 Somoni on each post. The drivers having experience on transportation of goods to Afghanistan take the responsibility to "conciliation" of the situation with the representatives of GAI at the expense of the owner of the goods.

400 km of road from the border to Kabul goes through 4 Afghan regions: Kunduz – Baglan – Parvon – Kabul and through the following settlements: Kunduz, Khonobod, Aliobod, Baglan, Puli Khumri, Dushi, Kelagai, Shamark, Salang, Malkhon, Djabulsaroy, Chori kor, Karabog, Kabul. Traffic police posts in Afghanistan are located at the entry to border zone and the entry to big settlements. As the transporters say documents are checked at these posts but do not create significant obstacles. There are some posts where it is necessary to make payments. For instance, tunnels and bridges currently being repaired on the road through Salang mountain pass. Therefore, the road officially considered closed. For unofficial \$20.00 trucks are allowed to continue their way.

Very poor condition of roads in Afghanistan appears to be a significant obstacle for increase of trade. About 40 km of roads from the border to Kunduz and 100 km from Kunduz to Kabul are completely destroyed and there are no any asphalt covering. Salang mountain pass is being repaired and currently it is very difficult to go through the pass.

It seems that currently there are no problems concerning the issue of security of transportation of goods and vehicles on the territory of Afghanistan. Afghan entrepreneurs confirmed the same. During our visit we did not face any kind of security problems. Except that, on the way between Kunduz and Kabul at night we saw a group of armed people not far away from the road. The posts on the roads are secured by the government armed forces.

Expenses connected with administrative procedures and transportation costs on travel of one truck with a shipment of fabric from Dushanbe to Kabul rounded up to on average the following:

<b>Expenses</b>	<b>Official payments</b>	<b>Unofficial payments</b>
Tajik Visa (one month)	30.00 USD	400.00 USD
Cost of the truck rent to Kabul	700.00 USD	
Afghan visa for Tajik drivers (two drivers)	120.00 USD	
Customs clearance in Dushanbe	0.15 % from custom cost of shipment = 47.00 USD + 13 Somoni for each paper of SCD	200.00 USD
Chamber of Commerce and Industry for certificate of origin	0.1% from the cost of exporting goods = 31.5 USD	
Tajik standard for Certificate of quality		40.00 USD paid at the border
A???? Association for international transportation license	20.00 USD per one month	
GAI posts (5 stationary posts, 2-3 mobile posts on the territory of Tajikistan)		3 US Dollars on each posts, totally 21 US Dollars
Custom and border control on the border		Customs – 30 US Dollars,

Drug control agency; Border guards, etc.		Approximately 40 US Dollars
Crossing on ferry	100 – 130 US Dollars	
Subtotal:	1130 US Dollars	691 US Dollars
<b>Total:</b>	<b>\$1821.00 per truck on average</b>	

As it is shown in the table, 38% of expenses were unofficial payments.

Currently the Governments of Republic of Tajikistan, Afghanistan and Iran taking mutual steps for improvement of mutually beneficial relations in the sphere of transportation of goods and passengers through their territories, connecting countries of Central Asia with Iran and further with big sea ports in Indian Ocean.

June 18, 2003 the Agreement on reconstruction of automobile roads “Jabahr – Zahidon – Koin Dugaran – Heart – Mazori Sharif – Sherkhon Bandar-Dushanbe”, Bandar Abbas – Dugorun – Heart – Shibirgan – Mazori Sharif – Sherkhon Bandar – Dushanbe and the opportunities of construction of rail road “Sangon – Heart – Sherkhon Bandar – Dushanbe” was signed between Republic of Tajikistan, Afghanistan and Iran. Joint commission was established for coordination of investment activity on reconstruction of these roads and solving of other organizational issues.

Currently the draft Transit Agreement between Transitional Government of Islamic State of Afghanistan and the government of Republic of Tajikistan is under consideration. This draft agreement provides for the coordination of terms aimed at facilitating transportation of goods and transit of passengers and goods through the territories of these countries, including the exemption from custom dues and other taxes on goods in transit through their territories.

## Conclusions

As an initial step for increasing trade and economic cooperation between Afghanistan and Tajikistan, there is a need for mutual discussion of existing issues/obstacles and concerns. Currently OSCE jointly with USAID EDP and TFI Projects are planning a joint seminar on “Tajik-Afghan Business Cooperation in a Security Perspective” which will be held December 2, 2003. Representatives of Tajik and Afghan businesses, government officials from various bodies, Russian border guard forces and international organizations will be invited to this one-day event. Emphasis would be on potential for increased Tajik-Afghan trade and business cooperation, current obstacle to trade, and the impact of security control measures on increased trade. The following specific issues could also be discussed:

Possibility of signing a trade agreement between the Government of Republic of Tajikistan and Islamic State of Afghanistan, which will set the basis and perspectives of bilateral economic relations;

Opening up trade representative offices in Kabul, and also appoint the representative of Ministry of State revenue of Republic of Tajikistan and the Ministry of transportation of RT correspondingly in the Ministry of finance and the ministry of Transportation of Afghanistan for coordination of cooperation in the sphere of trade, international transportation, custom procedures. Similar representative offices of Afghanistan can be opened in Tajikistan.

Increased information exchange in the sphere of regulation of foreign economic activity, customs procedures, transportation, border measures as well as about their changes and amendments. It would be useful in future to hold a number of joint seminars for the entrepreneurs of both sides, representatives of corresponding agencies of state management to illustrate the outlook of economic relations development, exposure of trade barriers and development of recommendations on their elimination.

Possibility of establishing border trade zone in Nizhiy Pyanj. Though border region is economically undeveloped but on both sides there are good storage rooms

The most difficult issue is the issue of corruption and bribery extirpation in law enforcement agencies implementing licensing and control concerning the subjects of foreign economic activity. The governments of Tajikistan and Afghanistan should take a number of organizational and practical measures.

Simplification of the procedures of visa issuance for Afghan citizens.



**ATTACHMENT 5**  
*Comments on IP US Questions*

**Comments to the draft Tajikpatent answers to US questions**  
USAID/TFI/Pragma Corporation  
Rahat Toktonaliev  
November 5, 2003

**General:**

Formatting:

- All questions should be formatted and numbered;
- It is suggested that the questions from all countries to be compiled into one document;
- English texts of the answers should be edited;
- All answers and texts of laws and regulation shall be submitted in English and in electronic form;
- There is a need for careful review of English translations of the laws being submitted. For example: In Article 29 of the TM law the word “time frames” translated as “terms”.
- Answers are not complete. There are other IP related questions in the set.

**Question 1:**

Suggested language: “The law will be submitted to the WTO Secretariat.” The law is not usually distributed with the answers itself, but will be available from the Secretariat for those who interested in reviewing them.

**Question 2:**

Suggested language: “Currently there are no provisions in Tajik legislation on protection of well-known marks. The proposed new law On TM contains provision on well-known marks and provides authority for developing implementing regulations on well-known marks”

**Question 3:**

The draft Law on TM will be submitted – it refers to well-known marks. Implementing regulations would be provided once drafted.

**Question 4:**

Suggested: “There are no provision in Tajik legislation that permits the compulsory licensing of a trademark in Tajikistan”

**Question 5:**

First sentence is unnecessary. Needs editing to make the answer clearer. Add: “Therefore, in any case the period of validity will not exceed three month”. But what if periodicity of the Official Gazette changes? It may lead to a violation of Article 15.5 of TRIPs.

**Question 6:**

Site the Article in the existing Law on Trademarks. There are two time frames for objections in the existing law – both should be indicated. What is the language in the proposed law?

**Question 7:**

What about the proposed law? It is not obligatory but left for member's discretion.

**Question 8:**

Russian translation of the question is not correct.

Reference to grounds provided in Article 29 of the TML has to be explained. Is it exhaustive list?

**Question 9:**

Same comment as in question 1.

**Question 10:**

It is not clear if there is a contradiction between the words “name” and “indication”. Therefore, we would suggest that the third paragraph be excluded.

Last para. Could try if it will satisfy WTO members.

**Question 11:**

What legal instruments can be used in such a case? Does Anti-monopoly agency have rights to take an action? Or apply to courts?

**Question 12:**

Necessary to cite the provision of the law.

Eliminate the statement by the US.

**Question 15:**

The word “and” is missing in the question.

It seems that the meaning of the question is not understood correctly. The essence of the question is about “merely because” and not on “commercial exploitation”.

**Question 16 & 17:**

These questions seem to arise because of the translation matters. “Methods of doing business” could be corrected and replaced “method of organization and management of economy” if it is the actual language in Russian?

**Question 18:**

Answer just cites the law, whereas the question requests to “explain”. It is suggested that the description of provisions of the Tajik law in light of the requirements of Article 31(a) – (l).

**ATTACHMENT 6**  
*Compliance with Tax Code*

## **Compliance of the Tajikistan Tax Code with the WTO requirements**

USAID Trade Facilitation and Investment Project/Tajikistan

Pragma Corp.

Rahat Toktonaliev, Country representative

October 20, 2003

Article XVI 4) of Marrakech Agreement Establishing the World Trade Organization states that “Each member shall the conformity of its laws, regulations and administrative procedures with its obligations as provided in the annexed agreements.” There are number of WTO agreements and multilateral decisions covering trade in goods, services and trade related intellectual property rights, conformity to the provisions of which is required. Thus, Tajikistan has to bring its trade and investment related legislation into compliance with the World trade Organization requirements as part of its accession efforts. USAID/Trade Facilitation and Investment Project is providing technical assistance to the Tajik government on the WTO accession related matters including the legislative compliance issues.

The Project team has been working on implementing this task and this paper represents outcome of the review of the Tajik Tax Code for WTO compliance and explains the specific contradiction identified. We are aware that the new Tax Code is being drafted and the point is that the contradiction in the existing Tax code should not be repeated in the new one.

Article 187(k) of the existing Tax code establishes a scheme according to which Tajikistan will not apply VAT on imports from those countries that do apply VAT upon exports to Tajikistan. Article I of GATT 1994 requires that all customs duties and charges of any sort shall be applied on a non-discriminatory manner (MFN). Whereas, this provision of the Tax Code treats certain countries differently by excluding them from payment of VAT upon importation, according to WTO requirements VAT shall be applied to imports from all countries alike.

Apparently, no country applies VAT upon exports to Tajikistan and therefore, this provision is not being effectively used in practice. Nevertheless, the fact is that any third country can activate this provision by applying VAT on exports to Tajikistan.

One could argue that under this scheme VAT is paid anyway and that the only question is - at which point will it be paid. As Kyrgyzstan's accession experience shows, this argument was not acceptable to the WTO members. According to Article I of GATT, MFN treatment applies not only to customs duties and charges of any sort imposed in connection with importation but also to the method of levying such duties and charges.

The new Tax Code shall exclude this provision in order to ensure its compliance with the WTO requirements. In addition, although there were no other specific inconsistencies identified in the existing code, the new code shall be developed bearing in mind other WTO requirements as well. Particularly, WTO requirements relate to the issues of national treatment in internal taxation and regulation as well as WTO compliant tax privileges and exemptions.

**ATTACHMENT 7**  
*Report on WTO Cancun Mexico Conference*

To: Paul Pieper, COP Trade Facilitation and Investment Project/CAR

From: Rahat Toktonaliev, TFIP/Tajikistan

Cc: Marc Shiman, Country Manager, TFIP/Kazakhstan  
Kelly Siebold, Country Manager, TFIP/Kyrgyzstan  
Nursulu Ahmetova, Senior Lawyer TFIP/Kyrgyzstan  
Umida Khaknazar, Lawyer TFIP/Uzbekistan

Subject: 5<sup>th</sup> WTO Ministerial Conference

Date: October 3, 2003

---

## ***The Conference***

Since November 2001, multilateral trade negotiations are being conducted on in Geneva on the issues mandated by the Doha WTO Ministerial Declaration and aimed at further liberalizing the international trade. These multilateral trade negotiations scheduled to be finalized by January 1, 2005. Therefore, the Ministerial Conference in Cancun was seen as a key point in the negotiations process where members and observers will check state of the play and take necessary decisions to push the negotiations further in order to meet the established deadline.

The 5<sup>th</sup> WTO Ministerial Conference was held on September 10-14, 2003 in Cancun, Mexico. As was reflected in the Doha Ministerial Declaration, trade ministers and officials from 146 WTO member countries as well as observer governments gathered in Cancun to: (i) take stock of progress in the negotiations; (ii) to provide any necessary guidance; and (iii) take decisions as necessary. In addition, Ministerial Conference approved accessions of Cambodia and Nepal to the WTO.

The work program of the negotiations includes total of 21 subjects including agriculture, services, dispute settlement and etc. Negotiations were concentrated around the Meetings of Heads of Delegations and the following working group meetings: Agriculture; Non-agricultural market access; Singapore issues; Development; Other issues; and discussions on Cotton initiative. Negotiations on agriculture were one of the most, if not the most, important issue for success of the negotiations. This subject is part of the “single undertaking” i.e. if not agreed on this subject there is no agreement on any other subject. Therefore, all the negotiating subjects are tied together and there is “nothing is agreed until everything is agreed”. Firm position in the agricultural negotiations was taken by the so-called “G-22” - Group of 22 developing countries lead by India, China and Pakistan. Countries of this group jointly represent more than a half of the world’s population. These countries concerned with the extensive support for agricultural producers provided by some of the developed countries that has trade distorting effects and pushing hard to have developed countries agree to eliminate agricultural subsidies. Neither of the CAR countries is a member of this group.

Difficulties in agriculture negotiations have lead to complications in negotiations on so-called Singapore issues: trade and investment, trade and competition policy, transparency in government procurement, and trade facilitation.

Negotiations concentrated on discussions over the draft text of the Cancun Ministerial declaration that was circulated by the Chairman of the General Counsel and the Director General of WTO prior to the Cancun Meeting. The most important issues that the draft declaration provided guidance for were: framework for establishing modalities in agriculture, market access for non-agricultural products, investment, competition, transparency in government procurement, trade facilitation, implementation and special and differential treatment.

However, five days of intensive negotiations and consultations came to deadlock and did not result achieving consensus on the text of the declaration. Instead, a brief, six paragraph Ministerial statement was adopted last day of the Conference at 6 pm. It simply instructs Chairman of the General Counsel and the Director General to conduct a senior level special session of the WTO General Council before December 15, 2003, to take action necessary to move forward a timely conclusion of the Doha Round of negotiations as scheduled i.e. before January 1, 2005.

### **Kazakhstan in the Conference**

Kazakhstan was represented by:

Adilbek Jaxybekov, Minister of Industry and Trade/Head of the Delegation;  
Zhanar Aitzhan, Vice-Minister Ministry of Industry and Trade;  
Timur Zhaxylykov, Director of Department, Ministry of Industry and Trade;  
Murat Tashibayev, Counselor, Kazakh Mission in Geneva

Minister Adilbek Jaxibekov made a general statement on behalf of the government of Kazakhstan at the plenary session. The following were some of the noticeable points made in the speech: *‘We hope to join the WTO on the terms which will not undermine our key national development priorities. As an acceding country with economy in transition, Kazakhstan needs longer transition periods in some key areas. As a land-locked country for fair competition for our goods, we need more flexibility for agriculture. We are improving institutional capacity for implementation of our commitments to override the short-term costs resulting from the WTO membership.’* Certainly, asking for longer transition periods and flexibility can affect Kazakhstan’s accession process. However, it could only be just a political statement and may not reflect their real attitudes towards the accession process.

Apart from observing various general meetings, Kazakh delegation took part in the small group negotiations of land locked countries. Action of this group was based on recent Almaty meeting organized by UN and its declaration. These countries made an attempt to get the definition of land-locked countries included in the text of the Ministerial Declaration. This attention by the WTO would then allow land-locked countries start working in Geneva to try solving specific issues for such countries, such as transit and trade facilitation. However, as stated above, the whole declaration was not adopted.

According to Zhanar Aitzhan, introduction of a new position of Deputy Minister and her appointment is an indication of the new Prime Minister’s intentions to accelerate the WTO accession process. Her background includes work in Kazakh Mission to the UN in New York and some study in Harvard University. Indeed, in addition to a new



Minister, new appointments also touched upon the Head of the WTO Department and person in Geneva responsible for the WTO liaison activities. All of them were present in Cancun.

Maarten Smeeth, from the WTO Secretariat Technical Cooperation Division, told me that WTO will conduct training in Astana on October 6-10 on WTO negotiations techniques. His former colleague and now consultant Mr. Lontas will provide the training. There will also be a joint WTO-ESCAP meeting be held in Almaty the week of October 27, 2003. Starting next year, WTO will take regional approach in delivering technical assistance instead of responding to country specific requests for technical assistance. They will be combining country requests and deliver trainings for the Central Asia, Caucasus and Eastern Europe.

## **Kyrgyzstan**

Kyrgyz delegation at the conference consisted of:

Sadriddin Djienbekov, Minister of Foreign Trade and Industry/Head of the Delegation;  
Roman Omorov, Head of Kyrgyzpatent;  
Anarkhan Rahmanova, Head of the Department MFTI;  
Edil Kalashev, Representative of the MFTI to the WTO in Geneva.

In his statement at the Plenary session Minister Djienbekov emphasized the following issues: (i) in agriculture - support for reduction of subsidies; (ii) on market access - needs of developing countries to be accommodated; (iii) considers itself as a recently acceded country which took significant commitments already; (iv) expressed support for its CIS partner's faster accession to the WTO.

Kyrgyz delegation participated in sessions of groups on Agriculture, NAMA – Non-agricultural market access, and Heads of Delegations meetings. In smaller group meetings Kyrgyz delegation was active in groups of recently acceded countries and landlocked countries.

In addition to Conference meetings Kyrgyz delegation held bilateral talks with Ukraine on its accession to the WTO. Kyrgyz raised unresolved issues of mutual trade such as antidumping duties introduced by Ukraine against Kyrgyz electric light bulbs and foreign debt of Ukraine to Kyrgyzstan. After discussions Ukraine delegation agreed to send their experts to Bishkek before the end of October 2003 in order to further negotiate and find mutually satisfactory solution.

Kyrgyz Minister made a statement at the meeting of Heads of delegations and declared that it considers itself as a recently acceded country with significant market access commitments within the meaning of the Doha Declaration. The Kyrgyz Republic as well as other countries recently acceded to the WTO, has undertaken significant liberalization commitments, which in many cases go far beyond those made during the Uruguay Round. The low bound rates of tariffs, liberal access to services markets, commitments to eliminate export subsidies, as well as low levels of domestic support in agriculture should be of a particular note. Despite the difficulties these countries face, some of the commitments undertaken exceed the levels established for developing countries. Therefore, the common concern of these newly

acceded countries was to achieve an overall balance of rights and obligations in the new round.

Kyrgyz and Kazakh delegations also attended consultative meetings of Islamic countries organized by the Islamic Development Bank, prior to the Conference opening. Participants discussed their common concerns and coordination of their efforts during the Conference. The meeting was just an exchange of opinions and did not lead to any specific actions at the Conference by this group.

### **Tajikistan WTO accession issues.**

Tajikistan had the biggest delegation among the four Central Asian countries:

Isroil Mahmudov, Deputy Minister of Economy and Trade/Head of the Delegation;

Negmatjon Buriev, Head of the Department of Investments and Reforms, Office of the President;

Nuriddin Mahmudov, Head of Department, Ministry of Revenues;

Jamshed Sharipov, Head of the Department, MET;

Mirsodavlat Odinaev, Member of the Parliament;

Eleonora Younusova, Interpreter, MET;

Participation at the Conference for Tajik delegation was mainly a learning and awareness exercise. Delegation just observed different meetings and did not actively participate in the negotiations on the Doha issues. Indeed, Tajik delegation left Cancun before the end of the Conference. Observed sessions on Development issues, Non-agricultural market access issues, Development issues, and the Cotton discussion.

UNITAR covered costs of the trip for the whole group and its representative, Giovanna O'Donnell, accompanied the group in Cancun. Conducted bilateral meeting with the Swiss representatives at the Conference.

I met Rachel Shub, who is responsible for Tajik accession in USTR Geneva. According to her USTR experts in Washington were too busy with the Doha negotiations. So, unlike the usual procedures, Robert Casper was preparing questions on Tajik Foreign Trade Memorandum in USTR Geneva. At the moment MET did receive questions from USTR and they are being translated into Russian by the MET.

Estonian Ambassador to the WTO is proposed for the Chairmanship of the Tajik accession Working Party and Deputy Minister Mahmudov seems to agree with his candidature. Chairman of the Working Party will have to be approved by the General Council, hopefully during its next meeting. Because of the failure in Cancun, the special session of the General Council on the Doha issues will take place sometime before December 15. Therefore, the first Working Party meeting on Tajik accession is not likely to take place earlier than February 2004.

## **Uzbekistan**

Names of Elyar Ganiev, Deputy Prime Minister, Alisher Mursaliev, Head of Department and Nadir Safaev from the Cabinet of Ministers were notified to the Cancun Ministerial Organizing Committee as representatives of Uzbekistan for the Cancun Ministerial. Unfortunately, Cabinet of Ministers of Uzbekistan did not approve their participation and nobody from Uzbekistan attended the Conference. Mursaliev told Umida that he is sorry that they couldn't participate but would like to get briefing on it upon my return from the Conference. Particularly he was interested in agriculture negotiations.

I spoke to Cato Adrian from the Accessions Division of the WTO secretariat, and he informed me that they did not receive any documents from the Uzbek government, which are necessary to start arranging for the Second Working Party meeting. He said that as soon as Accessions Division gets the papers, they would start consultations with the Working Party members on the dates of the next meeting.

**ATTACHMENT 8**  
*WTO ACC Checklist - Tajikistan*

**USAID/TFI/Tajikistan**  
**Pragma Corporation**

**Performance Monitoring Plan**

**Checklist of WTO accession steps/TAJIKISTAN November 2003**

#	Steps	Start & End Date	Status
<b>Application</b>			
1.	Submission of application for membership in the WTO	May 2001	Completed. Application for membership in the WTO was submitted to the General Counsel on May 29, 2001.
2.	WTO General Counsel meeting: Review of the application for membership – setting up the Working Party on accession.	July 2001	Completed. WTO General Counsel met on July 18, 2001 and established a Working Party to examine the accession of Tajikistan to the WTO
3.	Appointment of Chairman of the WTO Working Party on accession.	September 2003	Completed. Ambassador Klude Kul of Estonia was nominated as a Chairman of the Working Party on accession of Tajikistan.
<b>Accession documentation</b>			
4.	Preparation and submission of the memorandum on foreign trade regime (FTM).	September 2001 – February 2003	Completed. Foreign Trade Memorandum was submitted to the WTO Secretariat and distributed among the Working Party members in February 2003.
5.	Preparation of answers to FTM follow-up questions posed by WTO Working Party members.	April 2003 - —	Underway. Several rounds of questions and answers sessions will take place during the course of the accession process. Replies to questions from Australia and EC were prepared and submitted in September 2003. Preparation of replies to US questions is underway.
6.	Information on Domestic Support and Export Subsidies in Agriculture is prepared and submitted to the WTO WP - Document ACC/4.	April 2003– March 2004	Underway. TFI provided training on preparation of ACC/4 document for representatives of the Ministry of Agriculture and the Ministry of Finance. The document is being prepared. Expected to be prepared during the next quarter.
7.	<i>Prepare answers to ACC/4 follow-up questions</i>	March 2004 - —	
8.	<i>Submit updated the</i>		

9.	ACC/4 document as necessary  Information on Policy Measures Affecting Trade in Services is prepared and submitted to the WTO WP – ACC/5 document	April 2003– March 2004	Underway. Provided training on preparation of ACC/5 document for representatives of various ministries and agencies regulating different services sectors. The document is being prepared. Expected to be prepared and submitted before February 2004 prior to the first meeting of the WTO Working Party.
10.	Prepare answers to ACC/5 follow-up questions	_____	
11.	Submit updated the ACC/5 document as necessary	_____	
12.	Checklist of Illustrative SPS Issues for Consideration in Accessions is prepared and submitted to the WTO WP – ACC/8a document	April 2003– March 2004	Underway. Provided training on preparation of the ACC/8 document for representatives of the Ministry of Agriculture, Ministry of Health and Tajikstandard. Expected to be prepared and submitted before February 2004– prior to the first WP meeting.
13.	Prepare answers to ACC/8a follow-up questions	_____	
14.	Submit updated the ACC/8a document as necessary	_____	
15.	Checklist of Illustrative TBT Issues for Consideration in Accessions is prepared and submitted to the WTO WP – ACC/8b document	April 2003– March 2004	Underway. Provided training on preparation of the ACC/8 document for representatives of the Tajikstandard. Initial draft received from Tajikstandard and is currently being translated into English for our review.
16.	Prepare answers to ACC/8b follow-up questions	_____	
17.	Submit updated the ACC/8b document as necessary	_____	
18.	Information on implementation of the WTO TRIPS Agreement is prepared and submitted to the WTO WP – ACC/9 document	April 2003– March 2004	Provided training on preparation of ACC/9 document for representatives of Tajikpatent and Tajik Copyright Agency. Assisted Tajikpatent in the process of developing ACC/9 document.
19.	Prepare answers to ACC/9 follow-up questions		
20.	Submit updated ACC/9 document as necessary		
<b>WTO Legislative Compliance</b>			
21.	Review of the foreign trade and investment legislation for compliance	December 2002 -	Completed. TIP completed preliminary review of the Tajik trade and investment related legislation for compliance with

	with requirements of the WTO Agreements	_____	requirements of the WTO agreements. List of the laws and regulations to be drafted/enacted along with references to relevant provisions of various WTO agreements was submitted to the Inter-ministerial WTO Accession Working Group.
22.	Translate and submit existing and draft legislation to the WTO WP.		
23.	Prepare WTO Legislative Action Plan and submit to the WTO WP.		Underway.
24.	Draft laws and regulations for WTO compliance	March 2003 –	Underway.
	A) Revise excise tax rates to comply with the WTO National Treatment principle.	Dec 2002 – May 2003	Completed. Excise tax rates modified to comply with the WTO National Treatment requirement. The Government adopted a new Resolution #153 “On Setting Up Excise Tax Rates on Selected Produced in Tajikistan and imported into the territory of Tajikistan” which became effective on May 1, 2003.
	B) Registration requirement as participant of the foreign economic relations violated the WTO National Treatment principle	Mar 2003 – Dec 2003	Underway. The Law on Amendments to the Law on Foreign Economic Activities adopted by the Parliament and pending signature by the President. These amendments eliminate the registration requirement for engaging in foreign economic activities including exporting and importing.
	C) Bring the application of VAT on imports into compliance with the WTO MFN principle.	Mar 2003 -	Underway. New Tax Code is being developed. Coordinating efforts with Bearing Point/Fiscal Reform Project to eliminate discriminatory application of VAT on imports from different countries. This violates the WTO MFN principle.
	D) Enact new Customs Code	Sep 2003 -	Underway. The new draft Customs Code is being developed. TFI coordinating efforts with the World Bank in reviewing the draft Code to ensure its compliance with WTO rules related to customs valuation, rules of origin, customs user fees, and IP border measures. Dale Torrence provided advise on the general structure of the draft Customs Code. Expect to receive first draft of the Code by the end Nov 03. It was agreed that TFI will translate and WB will provide an expert to do a preliminary review of the Code.
	E) Enact WTO/TRIPs compliant law on Industrial Designs	Dec 2002 – March 2004	Underway. TFI's comments were incorporated into the new draft Law. Draft Law “On Industrial Designs” is submitted to the parliament.

	F) Enact WTO/TRIPs compliant law on Inventions	Dec 2002 – March 2004	Underway. TFI's comments were incorporated into the new draft Law. Draft Laws "On Inventions" is submitted to the parliament.
	G) Amend Criminal Code to include TRIPs enforcement provisions		IP specific work plan between TFI and Tajikpatent is being discussed with the Director of Tajikpatent that will include this activity.
	H) Join Geneva Phonograms Convention		Same as above under point G).
	I) Join WIPO Copyright Treaty		Same as above under point G).
	J) Enact new law on topology of integrated circuits.		Same as above under point G).
	K) Enact new law on geographic indications.		Same as above under point G).
	L) Amend the Law # 456 On Trademarks and Service marks of December 23, 1991:		Same as above under point G).
	M) The Law On Copyright and Related Rights of November 13, 1998 # 726:		Same as above under point G).
	N) Enact new regulations on intellectual property border measures.		Will be taken up once the new Customs Code is enacted.
	O) Enact WTO/TBT compliant Technical Regulations Law		Working on creating public support for reforms. Met with the Chairman and members of the Parliamentary Committee on Industry and Energy and briefed on TFI's MAS-Q reform efforts.
	P)		
25.	Regularly update the Legislative Action Plan to show the progress in enacting necessary legislation and submit to the WTO WP	Jan 04 - _____	Will continue to monitor new legislation for WTO compliance.
<b>Multilateral and bilateral negotiations</b>			
26.	Conduct WTO Working Party meeting (multilateral) on accession	Feb 04 – till accession report is approved	Several meetings will take place over the course of the accession. Sometimes informal WP meetings can take place. Multilateral and bilateral negotiations can proceed in parallel. The first WP meeting is likely take place not earlier than February 04. Exact dates are subject to negotiations with WP members.
27.	Participation in preparation of the Report of the Working Party on accession which contains description of commitments taken by the acceding country		WTO Secretariat is primarily responsible for drafting the report, but acceding country will have to carefully review and make comments since it will describe all the conditions for accession.



28.	Initial offer on market access on goods is prepared and submitted to the WTO WP;		TFI advised to table and submit the offer at an early stage in order to facilitate the accession process.
29.	Conduct bilateral market access negotiations on goods		Will start after Tajikistan submits initial offer of goods. Several rounds of bilateral negotiations with number of interested WP members will take place.
30.	Signing of bilateral protocols that reflect results of negotiations on goods and submit to the WTO Secretariat		To be signed with each country that entered into bilateral negotiations.
31.	Initial offer on market access on services is prepared and submitted to the WTO WP;		TFI advised to table and submit the offer at an early stage in order to facilitate the accession process.
32.	Conduct bilateral market access negotiations on services		Several rounds of bilateral negotiations with number of interested WP members will take place
33.	Signing of bilateral protocols that reflect results of negotiations on services and submit to the WTO Secretariat		With each country that entered into bilateral negotiations
34.	Review the Consolidated Schedule of Specific Commitments on Goods and Services.		WTO Secretariat is primarily responsible for consolidating commitments.
35.	Approval and submission of the Working Party Report and draft Protocol of accession to the WTO General Counsel		
<b>Institutional</b>			
36	Inquiry point on TBT is established		
37	Inquiry point on SPS is established		
38	Inquiry point on services is established		
39	WTO Library/Information center established		
<b>Accession to Plurilateral Agreements</b>			
40	Agreement on Government Procurement		Not obligatory unless acceding country agrees to accede.
41	Agreement on Trade in Civil Aircraft		Not obligatory unless acceding country agrees to accede.
42	International Bovine Meat Agreements		Not obligatory unless acceding country agrees to accede.
43	International Dairy Agreement		Not obligatory unless acceding country agrees to accede.

<b>Doha Round Results</b>			
44.	Acceding country will be requested to join and implement new agreements and provisions to be developed as a result of Doha Round multilateral negotiations.		
<b>Final accession procedures</b>			
45.	Approval by the General Counsel of the Working Party Report and the Protocol of Accession		Ministerial Conference also can approve these documents.
46.	Signing of the Protocol by the representative of the acceding country and the WTO General Director		
47.	Internal ratification procedures by Tajikistan		
48.	Submission of the ratification instrument to the WTO Secretariat.		
49.	Thirty days after the submission of ratification instrument acceding country becomes a member.		
<b>Public information and consultation</b>			
50.	Throughout the accession process - regular meetings and round-table discussions on benefits and challenges of the WTO membership with industry representatives and private sector institutions.		Conducted trainings for representatives of the Tajik business community on the benefits of the WTO membership. Briefings for members of the Trade Consultative Counsel. Lectures for the League of Young Lawyers of Tajikistan.
<b>Post – WTO accession implementation issues</b>			
51.	Public information campaign upon accession		Interviews, articles and etc.
52.	Institutional structures for post WTO accession implementation are established.		
53.	Notifications required under various WTO agreements are submitted on a timely basis		Ongoing activity
51.	Review of various legislation of a member		Timing of reviews depends on a specific committee's schedule of reviews.

52.	by relevant WTO committees. Constant monitoring of legislative compliance – all trade related draft laws and regulations are reviewed for WTO compliance		
53.	Regional trade agreements – review by the WTO Committee on Regional Trade Agreements of a member's compliance with the WTO requirements		
54.	Implementation of various commitments reflected in Tajikistan's protocol accession.		Commitments are specific for each acceding country.
55.	Participation in the new Doha round of multilateral negotiations		
56.	Implementation of results of the Doha Round of WTO negotiations by making necessary domestic policy changes		
57.	Accession to the plurilateral agreements if committed in the protocol of accession		
58.	WTO review of a member's trade policy.		2 – 4 – 6 year intervals between reviews depending on the share of a country in the world trade. Tajikistan will likely to be subject for 6 more year intervals.